

CITY OF PRYOR CREEK, OKLAHOMA

FINANCIAL STATEMENTS

JUNE 30, 2022

**HOOD & ASSOCIATES CPA'S, PC
CERTIFIED PUBLIC ACCOUNTANTS
TULSA, OKLAHOMA**

**CITY OF PRYOR CREEK
TABLE OF CONTENTS
FINANCIAL STATEMENTS
JUNE 30, 2022**

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	
Part I	4
Part II	12
Statement of Net Position (Statement 1)	21
Statement of Activities (Statement 2)	22
Balance Sheet, Governmental Funds (Statement 3)	24
Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds (Statement 4)	26
Statement of Net Position, Proprietary Funds (Statement 5)	29
Statement of Revenues, Expenses and Changes in Net Position, Proprietary Funds (Statement 6)	30
Statement of Cash Flows, Proprietary Funds (Statement 7)	31
Notes to Basic Financial Statements - Index	33
Notes to Basic Financial Statements	34
Required Supplementary Information	68
Required Supplementary Information - Pension Plan Funding Progress	69
Required Supplementary Information	73
Budgetary Comparison Schedule, General Fund	74
Other Supplementary Information	76
Combining Balance Sheet - Non-Major Governmental Funds	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	78
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	79
Schedule of Findings and Responses – Prior Year	81
Schedule of Findings and Responses – Current Year	82



Independent Auditor's Report

Board of Trustees
City of Pryor Creek, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pryor Creek, Oklahoma as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

HOOD & ASSOCIATES CPAs, P.C.

5350 E 46th, Suite 130, Tulsa, OK 74135 918-747-7000 Fax 918-743-7525 www.hoodcpas.com
1821 SE Washington Blvd., Bartlesville, OK 74006 918-336-7600 Fax 918-333-7600
323 W 1st St., Claremore, OK 74017 918-341-1930 Fax 918-342-3183
2310 N Hwy 66, Suite A, Catoosa, OK 74015 918-739-4662 Fax 918-739-4664

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Hood & Associates, CPAs, PC." The signature is written in a cursive, flowing style.

Hood & Associates CPAs, PC

April 26, 2023

**CITY OF PRYOR CREEK, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2022**

The discussion and analysis of the City of Pryor Creek's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the accompanying basic financial statements.

This discussion is divided into two parts. The first pertains to the entire City of Pryor Creek overall with very little detail to the Municipal Utility Department, a department of the City of Pryor Creek. The second part pertains to the Municipal Utility Department, which was created by the Charter for the City of Pryor Creek and operates under the Utility Board of five members as explained in the notes to the financial statements.

PART I

WHO WE ARE

As of June 30, 2022, the mayor, council members, clerk, and treasurer, all of whom are elected, consisted of the following:

Mayor	Larry Lees
Council Members	John Choya Shropshire James Randy Chitwood Stephen Smith Dennis Nance Jon Ketcher Briana Brakefield Lora Siever Christopher Gonthier
Clerk	Eva Smith
Treasurer	Lois Thompson

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. In accordance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Managements' Discussion and Analysis - for State and Local Governments," ("GASB 34"), the City's basic financial statements include three components: government-wide financial statements; fund financial statements; and notes to the basic financial statements. The major features of these financial statements are summarized as follows:

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire City government and the City's component units	The activities of the City that are not proprietary, such as police, fire, library, streets, etc.	Activities the City operates similar to private businesses such as utilities and the golf course
Required financial statements	-Statement of net position -Statement of activities	-Balance sheet -Statement of revenues, expenditures, and changes in fund balances	-Statement of net position -Statement of revenues, expenses, and changes in net position -Statement of cash funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to statements of a private-sector business.

The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety activities, streets, cultural, library, parks and recreation activities and general government activities. The business-type activities of the City include utilities and a golf course.

A component unit is included in the basic financial statements and consists of a legally separate entity for which the City is financially accountable and that has the same governing board as the City. This blended component unit is the Pryor Public Works Authority. The County Wide Fire Department Fund is also blended into the financial statements.

The government-wide financial statements can be found on Statements 1 and 2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures and changes in fund balance provide a reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The City maintains 20 individual governmental funds for financial reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Street and Drainage and the Recreation Center Construction Fund, which are considered to be major funds. Data for the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

The City adopts an annual appropriated budget for its General Fund and some of its special revenue funds and capital project funds. A budgetary comparison statement has been provided for the General Fund and the Street and Drainage Fund in the basic financial statements.

The governmental funds financial statements can be found in Statements 3 and 4 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements but in more detail. The proprietary fund financial statements provide separate information for the utility and golf course operations. Combining schedules for the proprietary funds are presented in the supplementary information.

The proprietary funds financial statements can be found at Statements 5, 6, and 7 of this report.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statements 1 and 2 reflect an increase in net position of \$2,014,704, consisting of:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>Increase (Decrease)</u>
Invested in capital assets, net of related debt	\$74,852,599	\$65,937,284	\$ 8,915,315
Restricted for capital projects and emergencies	14,054,667	18,252,668	(4,198,001)
Restricted for debt service	1,265,725	1,134,768	130,957
Restricted for other	3,322,329	4,152,165	(829,836)
Unrestricted	<u>5,586,842</u>	<u>7,590,573</u>	<u>(2,003,731)</u>
Total	<u>\$99,082,162</u>	<u>\$97,067,458</u>	<u>\$ 2,014,704</u>

The overall increase of \$2,014,704 is considered relatively healthy.

The minor increase in “Restricted for Debt Service” is due to the fact that some additional debt was issued.

The decrease in “Restricted for Capital Projects and Emergencies” is due mainly to the construction activity utilizing bond funds reserved for such purpose.

The “Restricted for Other” for all except the Municipal Utility Department consists of funds for special functions such as Street and Drainage, Rec Center, Golf Course, Fire, Library, etc. The decrease is mainly due to spending after the Covid pandemic that wasn’t spent while it was ongoing.

The decrease in “unrestricted” of \$2,003,731 represents a 26.4% decrease from the prior year balance and is considered good, as these funds are unrestricted to usage as the name indicates. Of primary importance is the General Fund, which will be discussed in Statements 3 and 4 next.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Statements 3 and 4 generally represent a “cash flow” of the funds, as loan proceeds and payments are recorded as income and expenditures respectively and capital outlay as expenditures. Also, no depreciation is reflected as an expense. The main difference to a true “cash flow” is that the operating receivables and payables are reflected on such statements.

The General Fund is the main governmental fund, as it pays for almost all the operating expenses of the City. The fund balance decreased by \$244,705 from \$4,277,523 to \$4,032,818. This, combined with a \$138,558 increase at 6/30/2021, means that the General Fund balance has only decreased \$106,147. This is evidenced by an increase in expenditures of \$112,878.

There is also a slight decrease in revenues, as shown below.

	Revenues <u>6/30/22</u>	General Fund Revenues <u>6/30/21</u>	Increase (Decrease)
Sales tax	\$ 4,837,594	\$ 4,510,486	\$ 327,108
Use tax	1,192,590	1,026,603	165,987
Other taxes	212,990	225,013	(12,023)
Police fines	128,740	165,252	(36,512)
Licenses and permits	124,307	116,964	7,343
Franchise taxes	14,401	38,426	(24,025)
Fees and service	84,400	66,379	18,021
Interest	12,144	7,530	4,614
Miscellaneous	22,816	27,940	(5,124)
Grants and contributions	44,356	208,104	(163,748)
Transfer from MUB	775,200	775,200	--
Other transfers	40,825	506,163	(465,338)
Reimbursement	<u>229,239</u>	<u>240,019</u>	<u>(10,780)</u>
Totals	<u>\$ 7,719,602</u>	<u>\$ 7,914,079</u>	<u>\$ (194,477)</u>

Total overall revenue was stagnant. There were fluctuations of individual categories. Sales tax increased significantly. Police fines decreased, as well as other taxes. MUB transferred less as per charter required calculations. COVID-19 has probably affected revenues, but no determination has been made as to exactly how.

Municipal Utility Department See Part II of this discussion.

GENERAL FUND BUDGETARY

The following Table 3 presents a summary analysis of the General Fund budget and actuals for the current fiscal year.

TABLE 3
CITY OF PRYOR CREEK
SUMMARY ANALYSIS OF GENERAL FUND BUDGET
FISCAL YEAR ENDING JUNE 30, 2022

<u>Category</u>	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budget Basis)</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
Revenue				
Sales tax	\$ 4,094,441	\$ 4,094,441	\$ 4,828,384	\$ 733,943
All other taxes	1,022,289	1,022,289	1,258,083	235,794
All other revenues	<u>739,441</u>	<u>739,441</u>	<u>779,946</u>	<u>40,505</u>
Total revenues	<u>5,856,171</u>	<u>5,856,171</u>	<u>6,866,413</u>	<u>1,010,242</u>
Expenditures				
General government (1)	2,765,126	2,765,126	1,171,666	1,593,460
Public safety (2)	5,909,897	5,909,897	5,596,829	313,068
Cultural and recreation services (3)	<u>1,259,381</u>	<u>1,259,381</u>	<u>1,087,685</u>	<u>171,696</u>
Total expenditures	<u>9,934,404</u>	<u>9,934,404</u>	<u>7,856,180</u>	<u>2,078,224</u>
Total excess (deficiency) of revenues over expenditures	(4,078,233)	(4,078,233)	(989,767)	3,088,466
Other financing sources (uses)				
Transfers (Net)	777,200	777,200	711,534	(65,666)
Beginning fund balance	<u>3,301,033</u>	<u>3,301,033</u>	<u>3,344,375</u>	<u>43,342</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,066,142</u>	<u>\$ 3,066,142</u>

- (1) Includes General Government, City Clerk, City Treasurer, City Attorney and Planning and Zoning, and Building Inspector, Maintenance Garage and Flood Plain Board
- (2) Includes Municipal Court, Police, Fire, Dog Pound and Civil Emergency Management
- (3) Includes Parks, Pool, Library and Cemetery

The basis of accounting for budgetary purposes for the General Fund is the modified accrual, i. e., revenues are recognized when received and expenses are recognized when encumbered.

The budget method authorized by Oklahoma Statute adopted by the City for its general fund places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance at the beginning of the fiscal year plus 90% of its revenues for the year just ended. An exception to this is that 100% of the funds budgeted by the Municipal Utility Department to be transferred to the City's General Fund in accordance with the City Charter is budgeted.

The budgetary fund balance is reconciled to the balance sheet fund balance in the Required Supplementary Information.

Generally, the City attempts to prepare a budget that will result in a small positive increase in the fund balance. Generally, this is accomplished by only budgeting 90% of the prior year revenues and budgeting amounts, primarily in General Government, that will not be expended.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's governmental investment in capital assets as of June 30, 2022 amounted to \$50,813,996 (net of accumulated depreciation and exclusive of related debt). This investment, detailed in Note 3.D. to the financial statements, in a broad range of capital assets includes land, structures and improvements, equipment, and construction in progress.

I invite you to review Note 3.D Capital Assets to the Financial Statements, which is included herein and details the capital asset activity. Also, see Part II for further discussion concerning the Municipal Utility Department.

Long-term Debt

Long-term debt has already been discussed in this report.

Additional information on long-term debt is included in Note 3.G to the financial statements.

ECONOMIC FACTORS AND NEW YEAR'S BUDGET

Revenues appear to be flat, but inflation is causing expenditures to increase. The City will need to watch their expenditures carefully.

Currently, all funds are healthy.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This management's discussion and analysis is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions or need additional financial information, please contact the City of Pryor Creek at (918) 825-0888.

PART II

WHO WE ARE

The Municipal Utility Department, City of Pryor Creek Oklahoma was created by the Pryor Creek City Charter in 1951. The current five-person board is listed below.

Chairman:	Mr. Garry J. Harris
Vice-Chairman:	Ms. Lorri Mitchell
Secretary:	Dr. Ken Rains
Member:	Mr. Mark Roberts
Member:	Dr. Arthur Sixkiller

The Utility Board has the care, custody, and management of the existing electric system, water system, gas distribution system, street lighting system, and sewage disposal system and may enlarge and extend them under the guidelines of the City Charter. The Board has under its control, the complete operation of these utilities and such other as the people of the City of Pryor Creek may acquire. All of these utilities shall be collectively known as the Municipal Utility Department.

The Utility Board shall employ all persons necessary in the operation of the utilities and fix their salaries, condition of servitude, and terms of office, and shall adopt such rules and regulations, as it may deem necessary for the proper conduct of business.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position (page 12) and Statement of Revenues, Expenses and Changes in Net Position (page 13) document the income and expenses (on a full accrual basis) of the Utility Board for the current fiscal year, and how they affect the Net Position of the Board. Net Position are ALL assets of the Board less ALL liabilities.

The Statement of Cash Flows (page 14) documents the sources and uses of cash, and shows whether cash increased or decreased during the current fiscal year. Notes to the financial statements (page 16) provide additional detail that further explain information found in the various statements.

FINANCIAL SUMMARY

The following presents the management overview and analysis of the Municipal Utility Board's financial condition and performance for the fiscal years ended June 30, 2021 and June 30, 2022, and proposed projects for fiscal year ending June 30, 2022.

For the years ended, Net Position changed as follows:

	June 30, <u>2022</u>	June 30, <u>2021</u>
Beginning net position	\$40,748,758	\$39,371,600
Increase in net position	<u>578,849</u>	<u>1,377,158</u>
Ending net position	<u>\$41,327,607</u>	<u>\$40,748,758</u>

Included in net position are amounts reserved for specific long-term purposes. The following reserve accounts have been funded by excess revenues over several fiscal years.

	June 30, <u>2022</u>	June 30, <u>2021</u>
Reserve for extension, capital improvements	\$ 1,533,463	\$ 1,533,463
Reserve for emergency and natural disasters	<u>1,393,800</u>	<u>1,200,000</u>
	\$ 2,927,263	\$ 2,733,463
Reserve for capital improvements from sales Tax. This reserve is funded by \$0.005 sales tax and interest revenue. This account is used to fund the Wastewater Treatment Plant Depreciation Account; excess funds will be used for utility tensions.	<u>7,083,538</u>	<u>7,043,141</u>
Total	<u>\$10,010,801</u>	<u>\$ 9,776,604</u>

The primary source of revenues generated by the board are sales of utilities to its customers. Revenues are as follows:

	June 30, <u>2022</u>	June 30, <u>2021</u>
Operating revenues	\$16,354,407	\$13,942,652
Sales tax revenue	1,290,025	1,202,796
Interest income	73,461	84,621
Gain on asset disposal	17,938	10,282
Grant income	<u>409,523</u>	<u>39,997</u>
Total revenues	<u>\$18,145,354</u>	<u>\$15,280,348</u>

Utilities are purchased and then resold to Municipal Utility Board Customers. The annual cost of purchased utilities is \$7,250,889 and \$10,636,546 for the fiscal years ending June 30, 2021 and June 30, 2022 respectively.

Expenses are as follows:

	June 30, <u>2022</u>	June 30, <u>2021</u>
Operating expenses	\$16,791,305	\$13,127,990
Loss on asset disposal	<u> --</u>	<u> --</u>
Total expenses	<u>\$16,791,305</u>	<u>\$13,127,990</u>

Percentages by expense category are as follows:

	June 30, <u>2022</u>	June 30, <u>2021</u>
Purchased utilities	63%	55%
Payroll and related expenses	24%	30%
Operation, maintenance and other	<u>13%</u>	<u>15%</u>
	<u>100%</u>	<u>100%</u>

The resulting net income before contributions and transfer is \$2,152,358 and \$1,354,049 for the fiscal years ending June 30, 2021 and 2022 respectively. The Board transfers to the City of Pryor Creek General fund an agreed upon amount of \$775,200. The amounts for 2021 and 2022 were both this amount, as is the projected amount to be transferred for the fiscal year ending June 30, 2022.

DEPARTMENT ACCOMPLISHMENTS

ADMINISTRATIVE DEPARTMENT

Fiscal Year Ending June 30, 2022

1. Approved to enter into an agreement with CMS Willowbrook for the installation of the KIOSK at the drive-thru window at City Hall at a cost of \$31,130
2. Approved Resolution 2021-01 requesting the City Council to approve the purchase of property described as Lot 9 in Block 1 of Southern Acres Addition, with the acquisition cost of said property at approximately \$4,000, to be divided equally between MUB and the City of Pryor Creek
3. Implemented ADCOMP Services for late message text alerts with payment options, which is compatible to Tyler Technologies Incode Software
4. Implemented ADCOMP Services for accepting and posting cash, check and card payments to utility accounts and the "Share the Comfort" general ledger account

Proposed Projects for Fiscal Year Ending June 30, 2023

1. Implement ADCOMP Services for miscellaneous fees and utility deposits
2. Implement DICE (Digital Interaction for Citizen Engagement) which allows the consumer to be able to fill out an application form for new utility accounts and submit required documents such as driver's licenses, lease agreements, warranty deeds, etc.
3. Contract electronic scanning of Municipal Utility Board documents beginning 1951
4. Explore/cost analysis of Laserfiche Cloud SaaS (Software as a service) solution
5. Explore/cost analysis for an HP large format plotter printer/scanner for GIS mapping (GIS/Network Administrator)
6. Explore/cost analysis replacement of GPS handheld locator (GIS/Network Administrator)
7. Integrate GIS mapping system with SCADA Systems, utility billing software and Foreman's vehicles
8. Explore/cost analysis to add an e-statement option for customer deliver, which is compatible with Tyler Technologies Incode Software
9. Add a Human Resource Administrator
10. Add a Finance Administrator
11. Add a Business Office Administrator

GAS DEPARTMENT

Fiscal Year Ending June 30, 2022

1. New construction and replacement projects in the Gas Department funded out of operating funds in the amount of \$76,424
2. Upgraded regulator station at Southeast 17th Street and South Elliott Street in agreement with Koons gas measurement
3. Built 3,300 feet of new four-inch gas main on West 470 to Stonegate and 1,015 feet of new two-inch gas into Stonegate
4. Upgraded regulator station at Southeast 9th Street and Thurman Street in agreement with Koons gas measurement

5. Changed steel riser to anodeless risers and addition of excess flow valves in the unit block of North Bailey and North Ora Streets
6. Installed new two-inch poly gas main on North 434 Road to serve two new customers
7. Extended new two-inch poly gas main on Southwest 2nd Street and South Edith Street to serve two new duplexes
8. Contracted Small Arrow Engineering, LLC, to complete a natural gas systems improvements and analysis engineer study

Proposed Projects for Fiscal Year Ending June 30, 2023

1. Replace six-inch high-pressure steel (sixty pound) gas line with six-inch high-pressure poly (sixty pound) gas line on Adair Street from Southeast 5th Street to Southeast 9th Street
2. Replace two-inch low-pressure steel gas line with two-inch low-pressure poly gas line on Adair Street from Southeast 5th Street to Southeast 9th Street.
3. Replace two-inch low pressure steel gas line with two-inch low pressure poly gas line on the East side of Surrey Drive
4. Change steel risers to anodeless on North Fairland and East Manor Additions
5. Extend new four-inch gas main and two-inch gas main to serve “The Meadows at Stonegate”
6. Build new four-inch and six-inch gas main from Mayes County Fairground (4238 Northeast 1st Street) to Xcaliber International LTD (One Tobacco Road), then North to Hidden Acres
7. Build new four-inch gas main from Northeast 5th Street and North Gaither Road to four new customers near the corner of Keels Road and Northeast 1st Street
8. Extend a four-inch gas main from (Parsons Corner) North 433 Road and Graffiti Road to 1521 Clayton Road

WATER DEPARTMENT

Fiscal Year Ending June 30, 2022

1. New construction and replacement projects in the Water Department funded out of operating funds in the amount of \$159,958

2. Contracted Infrastructure Solutions Group LLC to complete a water systems improvements and hydraulic analysis engineer study
3. Extended six-inch water line on South Edith Street and Southeast 2nd Street to serve two new duplexes

Proposed Projects for Fiscal Year Ending June 30, 2023

1. Replace eight-inch water line on North Whitaker from Northwest 1st Street to Northwest 5th Street
2. Replace eight-inch water line on Northwest 3rd Street from Taylor Street to Mayes Street
3. Replace four-inch water line with six-inch water line in "The Meadows"
4. Replace six-inch water line on South Pine Street
5. Install new eight-inch main 4,000 feet North of Northeast 5th Street and North Elliott Street to Larremore property
6. Upgrade the cone valve in the "Y" at South Elliott Street and West 510 road
7. Replace 1,000 feet of transite pipe with six-inch PVC on Southeast Graham Court to South Ora Street
8. Set an eight-inch master meter for the apartments at "The District"
9. Set water meter to serve the Cherokee Head Start
10. Extend an eight-inch water main from (Parsons Corner) North 433 Road and Graffiti Road to 1521 Clayton Road

WASTEWATER COLLECTION SYSTEM

Fiscal Year Ending June 30, 2022

1. New construction and replacement projects in the Wastewater Collection Department funded out of operating funds in the amount of \$15,387
2. Extended new sewer interceptor on North 69 Highway on Giles property to Old Airport Road
3. Replaced six-inch sewer main 314 and 316 South Elliott Street
4. Extended six-inch main to new duplexes at Northeast 4th Street and Vann Street

5. Extended new eight-inch sewer main on Southwest 2nd Street and South Edith Street to serve two new duplexes

Proposed Projects for Fiscal Year Ending June 30, 2023

1. Upgrade lift station at B & H Corner
2. Upgrade lift station on Ni-Pak Road
3. Upgrade lift station at Elks Lodge
4. Implement SCADA System to all lift stations
5. Install natural gas generator at Southridge Lift Station
6. Extend new sewer main to serve “The Meadows at Stonegate”
7. Contract with Infrastructure Solutions Group LLC to complete an infiltration and inflow sanitary sewer study on the sanitary sewer distribution system

WASTEWATER TREATMENT PLANT

Fiscal Year Ending June 30, 2022

1. The Wastewater Treatment Plant major repairs and replacement of equipment are funded from the \$0.005 Sales Tax Reserve Capital Improvement Account.
2. Upgraded South Lift Station grating
3. Upgraded controls/SCADA system at the wastewater treatment plant and Southeast 9th Street lift station
4. Installed MOD BUS to upgrade the eighteen-inch (18") McCrometer flow meter
5. Conducted and presented recommendations from an engineer study of wastewater treatment facility and Master Plan

Proposed Projects for Fiscal Year Ending June 30, 2023

1. Renovation of Southeast 9th Street Lift Station and lagoons
2. Automate the chlorine basin for disinfectant

ELECTRIC DEPARTMENT

Fiscal Year Ending June 30, 2022

1. New construction and replacement projects in the Electric Department funded out of operating funds in the amount of \$217,943
2. Reconstructed a new underground single-phase primary under Northeast 3rd Street behind Damon Drive and Heron Circle
3. Reconstructed 2/0 to 4/0 primary on Northeast 5th Street and Elliott Street
4. Reconstructed #2 to 1/0 primary and set three new junction boxes on Wilkerson Drive and South Elliott Street to service The Meadows at Centennial Park Apartments
5. Set junction boxes for Phase 2 construction building at The District; from apartments to Cherokee Nation Head Start
6. Built new service for residential duplexes on South Edith Street
7. Installed fiberoptic connection of substations in agreement with Fiber Interactive Technologies and assisted GRDA with fusion and testing of new system fiber drop

8. Relayed the underground three-phase primary on Wilkerson Drive from Veyda Street to Elliott Street

Proposed projects for Fiscal Year Ending 30 June 2023

1. Framing poles for new fiberoptic line with Grand River Dam Authority from Southeast 9th Street to The District
2. Build new service to The District phase/apartment complex
3. Build new service to Roosevelt Crossing addition
4. Build new three-phase overhead primary from Clayton Road to Old Airport Road
5. Phase 2 at The District; Build new primary from apartments to Cherokee Nation Head Start
6. Reconduct 3/0 from 700 North Elliott Street to City of Pryor Creek PALS Animal Shelter
7. Reconduct 3/9 feeder extension on Clayton Road from Northeast 5th Street to North Gaither Road
8. Build new service into The Meadows at Stonegate

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash	\$ 9,586,358	\$ 2,586,100	\$12,172,458
Taxes receivable	1,431,682	105,879	1,537,561
Accounts receivable (net)	--	2,352,035	2,352,035
Accounts receivable from intra-government	6,183	--	6,183
Other receivables	<u>67,912</u>	<u>13,265</u>	<u>81,177</u>
Total current assets	<u>11,092,135</u>	<u>5,057,279</u>	<u>16,149,414</u>
Noncurrent assets:			
Restricted assets:			
Cash, including time deposits	1,404,758	11,740,588	13,145,346
Taxes receivable	190,583	211,759	402,342
Net pension assets	2,148,346	--	2,148,346
Capital assets (net)	50,813,996	33,585,320	84,399,316
Inventory	<u>--</u>	<u>1,444,296</u>	<u>1,444,296</u>
Total noncurrent assets	<u>54,557,683</u>	<u>46,981,963</u>	<u>101,539,646</u>
Total assets	<u>65,649,818</u>	<u>52,039,242</u>	<u>117,689,060</u>
Deferred outflows of resources related to pensions	<u>1,790,537</u>	<u>--</u>	<u>1,790,537</u>
LIABILITIES			
Current liabilities			
Accounts payable	437,931	1,372,522	1,810,453
Accrued expenses	365,016	80,188	445,204
Notes payable, current portion	715,202	202,046	917,248
Payable to intra-government	--	6,183	6,183
Accrued compensated absences	<u>173,716</u>	<u>194,957</u>	<u>368,673</u>
Total current liabilities	<u>1,691,865</u>	<u>1,855,896</u>	<u>3,547,761</u>
Payable from restricted assets			
Accrued expenses	<u>102,881</u>	<u>--</u>	<u>102,881</u>
Total	<u>1,794,746</u>	<u>1,855,896</u>	<u>3,650,642</u>
Noncurrent liabilities:			
Customer deposits payable	--	1,045,141	1,045,141
Notes and bonds payable, long-term portion	8,754,026	1,223,186	9,977,212
Net pension liability	<u>1,834,868</u>	<u>--</u>	<u>1,834,868</u>
Total noncurrent liabilities	<u>10,588,894</u>	<u>2,268,327</u>	<u>12,857,221</u>
Total liabilities	<u>12,383,640</u>	<u>4,124,223</u>	<u>16,507,863</u>
Deferred inflows of resources			
Deferred amounts related to pensions	<u>3,889,572</u>	<u>--</u>	<u>3,889,572</u>
NET POSITION			
Invested in capital assets, net of related debt	41,344,768	33,507,831	74,852,599
Restricted for:			
Capital projects and emergencies	4,043,866	10,010,801	14,054,667
Debt service	1,265,725	--	1,265,725
Other	2,425,494	896,835	3,322,329
Unrestricted	<u>2,087,290</u>	<u>3,499,552</u>	<u>5,586,842</u>
Total net position	<u>\$51,167,143</u>	<u>\$47,915,019</u>	<u>\$99,082,162</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Statement 2

		Program Revenues			
		Charges	Operating	Capital	Net
	<u>Expenses</u>	<u>for Services</u>	<u>Grants and Contributions</u>	<u>Grants and Contributions</u>	<u>(Expense) Revenue</u>
Governmental activities					
General government					
Community Development	\$ 126,337	\$ --	\$ --	\$ --	\$(126,337)
Planning and Zoning	57,677	--	--	--	(57,677)
Mayor and Council	208,032	--	--	--	(208,032)
City Clerk	295,822	--	--	--	(295,822)
City Treasurer	24,096	--	--	--	(24,096)
General Government	<u>1,148,184</u>	<u>154,493</u>	<u>878,764</u>	<u>--</u>	<u>(114,927)</u>
Total general government	<u>1,860,148</u>	<u>154,493</u>	<u>878,764</u>	<u>--</u>	<u>(826,891)</u>
Public safety and judiciary					
City Attorney	71,292	--	--	--	(71,292)
Police	3,267,020	134,005	60,695	--	(3,072,320)
Fire	1,853,313	10,340	13,563	--	(1,829,410)
Civil Emergency Management	28,687	--	--	--	(28,687)
Animal control	239,569	--	--	--	(239,569)
Municipal Court	<u>144,568</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(144,568)</u>
Total public safety and judiciary	<u>5,604,449</u>	<u>144,345</u>	<u>74,258</u>	<u>--</u>	<u>(5,385,846)</u>
Transportation					
Street	<u>1,974,809</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1,974,809)</u>
Cultural, parks and recreation					
Library	489,611	761	13,456	--	(475,394)
Cemetery	248,965	73,800	--	--	(175,165)
Recreation	483,614	--	65,850	--	(417,764)
Tourism	<u>85,498</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(85,498)</u>
Total cultural, parks and Recreation	<u>1,307,688</u>	<u>74,561</u>	<u>79,306</u>	<u>--</u>	<u>(1,153,821)</u>
Total governmental activities	<u>10,747,094</u>	<u>373,399</u>	<u>1,032,328</u>	<u>--</u>	<u>(9,341,367)</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

		<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
Business-type activities:					
Utilities	16,791,305	16,354,407	409,523	--	(27,375)
Golf	607,962	607,775	3,084	--	2,897
Recreation Center	<u>1,202,130</u>	<u>348,477</u>	<u>--</u>	<u>--</u>	<u>(853,653)</u>
Total business-type activities	<u>18,601,397</u>	<u>17,310,659</u>	<u>412,607</u>	<u>--</u>	<u>(878,131)</u>
Total	<u>\$ 29,348,491</u>	<u>\$ 17,684,058</u>	<u>\$ 1,444,935</u>	<u>\$ --</u>	<u>\$(10,219,498)</u>

CHANGES IN NET POSITION

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net (expense) /revenue	<u>\$(9,341,367)</u>	<u>\$(878,131)</u>	<u>\$(10,219,498)</u>
General Revenues			
Taxes:			
Sales tax	8,491,620	1,935,038	10,426,658
Use tax	1,192,590	--	1,192,590
Alcohol beverage tax	134,255	--	134,255
E-911 tax	12,205	--	12,205
Hotel/motel tax	98,882	--	98,882
Gasoline tax	16,700	--	16,700
Motor vehicle tax	69,011	--	69,011
Franchise taxes	53,801	--	53,801
Cigarette tax	78,735	--	78,735
Reimbursements	229,239	--	229,239
Investment income	20,923	83,375	104,298
Miscellaneous	19,317	--	19,317
Disposal of assets	3,500	29,313	32,813
Transfers	773,584	(773,584)	--
Expense - bonds	<u>(234,302)</u>	<u>--</u>	<u>(234,302)</u>
Total general revenues and transfers	<u>10,960,060</u>	<u>1,274,142</u>	<u>12,234,202</u>
Change in net position	1,618,693	396,011	2,014,704
Net position - beginning	<u>49,548,450</u>	<u>47,519,008</u>	<u>97,067,458</u>
Net position - ending	<u>\$ 51,167,143</u>	<u>\$ 47,915,019</u>	<u>\$ 99,082,162</u>

**CITY OF PRYOR CREEK, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General Fund</u>	<u>Street & Drainage Fund</u>	<u>PPWA Sinking Fund</u>	<u>Other Governmental Funds</u>	<u>PPWA Note Proceeds Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash	\$3,532,766	\$2,545,737	\$1,404,758	\$3,507,855	--	\$10,991,116
Taxes receivable	998,749	282,954	190,583	149,979	--	1,622,265
Other receivables	7,912	--	--	60,000	--	67,912
Due from other funds	<u>5,026</u>	<u>--</u>	<u>--</u>	<u>53,355</u>	<u>--</u>	<u>58,381</u>
Total assets	<u>\$4,544,453</u>	<u>\$2,828,691</u>	<u>\$1,595,341</u>	<u>\$3,771,189</u>	<u>--</u>	<u>\$12,739,674</u>
LIABILITIES						
Accounts payable	62,071	136,966	--	12,159	226,735	437,931
Accrued expenses	355,833	7,635	102,881	--	--	466,349
Due to other funds	52,198	--	--	--	--	52,198
Accrued compensated absences	39,985	13,777	--	--	--	53,762
Refundable court bonds	<u>1,548</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,548</u>
Total liabilities	<u>511,635</u>	<u>158,378</u>	<u>102,881</u>	<u>12,159</u>	<u>226,735</u>	<u>1,011,788</u>
FUND BALANCES						
Restricted	40,017	2,670,313	1,492,460	1,863,783	(226,735)	5,839,838
Assigned	--	--	--	1,895,247	--	1,895,247
Unassigned	<u>3,992,801</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,992,801</u>
Total fund balance	<u>4,032,818</u>	<u>2,670,313</u>	<u>1,492,460</u>	<u>3,759,030</u>	<u>(226,735)</u>	<u>11,727,886</u>
Total liabilities and fund balances	<u>\$4,544,453</u>	<u>\$2,828,691</u>	<u>\$1,595,341</u>	<u>\$3,771,189</u>	<u>--</u>	<u>\$12,739,674</u>

**CITY OF PRYOR CREEK, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Total Governmental <u>Funds</u>
Fund balance of governmental funds	\$ 11,727,886
Amounts reported for governmental activities in the Statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds, net of accumulated depreciation of \$39,998,387	50,813,996
Portion of accrued compensated absences does not require current financial resources. Therefore, \$119,955 of total of \$173,716 of accrued compensated absences is not reported as a liability in government funds balance sheet	(119,955)
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds:	
Pension related deferred outflows	1,790,537
Net pension assets	2,148,346
Certain liabilities are not due and payable in the current period from current financial resources, and, therefore, are not reported in the funds	
Net pension liability	(1,834,868)
Pension related deferred inflows	(3,889,572)
Long-term debt, net of prepaid loan principal	<u>(9,469,227)</u>
Net position of governmental activities	<u>\$ 51,167,143</u>

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal and long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General <u>Fund</u>	Street & Drainage <u>Fund</u>	PPWA Sinking <u>Fund</u>	Other Governmental <u>Funds</u>	PPWA Note Proceeds <u>Fund</u>	Total Governmental <u>Funds</u>
REVENUES						
Sales tax	\$4,837,594	\$1,677,033	\$1,161,023	\$ 815,970	\$ --	\$8,491,620
Other taxes	1,405,580	85,711	--	111,087	--	1,602,378
Fines and forfeits	128,740	--	--	5,265	--	134,005
Licenses and permits	124,307	--	--	--	--	124,307
Franchise taxes	14,401	--	--	39,400	--	53,801
Fees and services	84,400	--	--	30,687	--	115,087
Interest	12,144	4,017	970	2,946	846	20,923
Reimbursements/asset sales	232,739	--	--	--	--	232,739
Miscellaneous	19,317	--	--	--	--	19,317
Grants and contributions	<u>44,356</u>	<u>--</u>	<u>--</u>	<u>578,449</u>	<u>--</u>	<u>622,805</u>
Total revenues	<u>6,903,578</u>	<u>1,766,761</u>	<u>1,161,993</u>	<u>1,583,804</u>	<u>846</u>	<u>11,416,982</u>
EXPENDITURES						
Current						
General government:						
Community Development	126,118	--	--	--	--	126,118
Planning and Zoning	330	--	--	--	--	330
Mayor and Council	207,890	--	--	--	--	207,890
City Clerk	288,543	--	--	--	--	288,543
City Treasurer	24,096	--	--	--	--	24,096
General Government	<u>517,391</u>	<u>--</u>	<u>25,276</u>	<u>112,174</u>	<u>--</u>	<u>654,841</u>
Total General Government	<u>1,164,368</u>	<u>--</u>	<u>25,276</u>	<u>112,174</u>	<u>--</u>	<u>1,301,818</u>
Public safety and judiciary:						
City Attorney	71,292	--	--	--	--	71,292
Police	3,524,721	--	--	89,170	--	3,613,891
Animal control	239,384	--	--	--	--	239,384
Fire	1,612,904	--	--	61,795	--	1,674,699
Civil Emergency Management	22,253	--	--	--	--	22,253
Municipal Court	<u>144,333</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>144,333</u>
Total Public Safety and Judiciary	<u>5,614,887</u>	<u>--</u>	<u>--</u>	<u>150,965</u>	<u>--</u>	<u>5,765,852</u>
Transportation Street	<u>--</u>	<u>1,607,811</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,607,811</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General <u>Fund</u>	Street & Drainage <u>Fund</u>	PPWA Sinking <u>Fund</u>	Other Governmental <u>Funds</u>	PPWA Note Proceeds <u>Fund</u>	Total Governmental <u>Funds</u>
Cultural, Parks and Recreation						
Library	461,667	--	--	14,581	--	476,248
Cemetery	236,083	--	--	59,214	--	295,297
Recreation	385,399	--	--	--	--	385,399
Tourism	<u>--</u>	<u>--</u>	<u>--</u>	<u>85,499</u>	<u>--</u>	<u>85,499</u>
Total cultural, Park and recreation	<u>1,083,149</u>	<u>--</u>	<u>--</u>	<u>159,294</u>	<u>--</u>	<u>1,242,443</u>
Debt service						
Principal	--	--	570,000	--	--	570,000
Interest and other charges	--	--	209,025	--	--	209,025
Capital outlay	<u>21,737</u>	<u>23,682</u>	<u>--</u>	<u>377,120</u>	<u>8,244,322</u>	<u>8,666,861</u>
Total expenditures	<u>7,884,141</u>	<u>1,631,493</u>	<u>804,301</u>	<u>799,553</u>	<u>8,244,322</u>	<u>19,363,810</u>
Excess (deficiency) of revenues over expenditures	<u>(980,563)</u>	<u>135,268</u>	<u>357,692</u>	<u>784,251</u>	<u>(8,243,476)</u>	<u>(7,946,828)</u>
Other financing sources (uses)						
Transfers in	816,025	--	--	230,167	--	1,046,192
Transfer out	<u>(80,167)</u>	<u>--</u>	<u>--</u>	<u>(192,440)</u>	<u>--</u>	<u>(272,607)</u>
Total other financing Sources (uses)	<u>735,858</u>	<u>--</u>	<u>--</u>	<u>37,727</u>	<u>--</u>	<u>773,585</u>
Net change in fund balances	(244,705)	135,268	357,692	821,978	(8,243,476)	(7,173,243)
Fund balance – beginning	<u>4,277,523</u>	<u>2,535,045</u>	<u>1,134,768</u>	<u>2,937,052</u>	<u>8,016,741</u>	<u>18,901,129</u>
Fund balances – ending	<u>\$ 4,032,818</u>	<u>\$ 2,670,313</u>	<u>\$ 1,492,460</u>	<u>\$ 3,759,030</u>	<u>\$ (226,735)</u>	<u>\$ 11,727,886</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

Reconciliation of the change in fund balances - total government funds to the
change in net position of governmental activities

Net change in fund balances - total governmental funds \$(7,173,243)

Amounts reported for governmental activities in the Statement of Activities
are different because

Governmental funds report capital outlays as expenditures while governmental
activities report depreciation expense to allocate those expenditures over the life
of the assets:

Capital asset purchase capitalized	9,623,487
Depreciation expense	<u>(1,763,595)</u>
	<u>\$ 7,859,892</u>

Governmental funds do not report long-term financing as revenues and report payments
as expenditures while governmental activities report such payments as debt activities

Payment of long-term debt	703,945
Issuance of note	<u>(266,588)</u>

Some expense reported in the Statement of Activities do not require the use of
current financial resources and therefore are not reported as expenditures in
governmental funds:

Accrued compensated absences	<u>(10,907)</u>
------------------------------	------------------

In the Statement of Activities, the cost of pension benefits earned net of employee
contributions is reported as an element of pension expense. The Fund Financial
Statements report pension contributions as expenditures.

505,594

Change in net position of governmental activities \$1,618,693

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-type Activities - Enterprise Funds			
	Recreation <u>Center</u>	Golf Course <u>Fund</u>	Municipal Utility <u>Department</u>	<u>Total</u>
ASSETS				
Current assets				
Cash	\$1,010,215	\$ 160,526	\$1,415,359	\$2,586,100
Taxes receivable	105,879	--	--	105,879
Accounts receivable	--	--	2,352,035	2,352,035
Other receivables	--	--	13,265	13,265
Due from other funds	--	--	2,198	2,198
Total current assets	<u>1,116,094</u>	<u>160,526</u>	<u>3,782,857</u>	<u>5,059,477</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	--	--	11,740,588	11,740,588
Taxes receivable	--	--	211,759	211,759
Inventory	--	--	1,444,296	1,444,296
Capital assets (net)	<u>4,646,363</u>	<u>795,415</u>	<u>28,143,542</u>	<u>33,585,320</u>
Total noncurrent assets	<u>4,646,363</u>	<u>795,415</u>	<u>41,540,185</u>	<u>46,981,963</u>
Total assets	<u>5,762,457</u>	<u>955,941</u>	<u>45,323,042</u>	<u>52,041,440</u>
LIABILITIES				
Current liabilities				
Accounts payable	28,988	8,583	1,334,951	1,372,522
Accrued expenses	5,495	2,646	72,047	80,188
Accrued compensated absences	3,678	4,107	187,172	194,957
Due other funds	--	--	8,381	8,381
Current portion of long-term debt	--	28,588	173,458	202,046
Total current liabilities	<u>38,161</u>	<u>43,924</u>	<u>1,776,009</u>	<u>1,858,094</u>
Non-current liabilities				
Customers' meter deposits				
(payable from restricted assets)	--	--	1,045,141	1,045,141
Notes payable	--	48,901	1,174,285	1,223,186
Total non-current liabilities	<u>--</u>	<u>48,901</u>	<u>2,219,426</u>	<u>2,268,327</u>
Total liabilities	<u>38,161</u>	<u>92,825</u>	<u>3,995,435</u>	<u>4,126,421</u>
NET POSITION				
Investment in capital assets, net of related debt	4,646,363	717,926	28,143,542	33,507,831
Restricted:				
Sales tax reserved for capital improvements	--	--	7,083,538	7,083,538
Charter required legal obligations	--	--	896,835	896,835
Property, plant and equipment and emergency and disaster	--	--	2,927,263	2,927,263
Unrestricted	<u>1,077,933</u>	<u>145,190</u>	<u>2,276,429</u>	<u>3,499,552</u>
Total net position	<u>\$ 5,724,296</u>	<u>\$ 863,116</u>	<u>\$41,327,607</u>	<u>\$47,915,019</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds			
	Recreation <u>Center</u>	Golf Course <u>Fund</u>	Municipal Utility <u>Department</u>	<u>Total</u>
Operating revenues				
Utility charge	\$ --	\$ --	\$ 16,033,598	\$ 16,033,598
Utility taps	--	--	67,536	67,536
Penalties	--	--	118,254	118,254
Miscellaneous	--	--	135,019	135,019
Fee income	<u>348,477</u>	<u>607,775</u>	<u>--</u>	<u>956,252</u>
Total operating revenues	<u>348,477</u>	<u>607,775</u>	<u>16,354,407</u>	<u>17,310,659</u>
Operating expenses				
Purchased utilities	--	--	10,636,546	10,636,546
Personnel services	442,537	227,510	2,853,746	3,523,793
Personnel benefits	126,462	54,805	1,096,865	1,278,132
Materials and supplies	61,468	--	626,551	688,019
Other expenses	339,621	234,396	899,348	1,473,365
Bad debts expense	--	--	25,822	25,822
Depreciation expense	232,042	89,443	1,122,139	1,443,624
Less: expenses capitalized	<u>--</u>	<u>--</u>	<u>(469,712)</u>	<u>(469,712)</u>
Total operating expense	<u>1,202,130</u>	<u>606,154</u>	<u>16,791,305</u>	<u>18,599,589</u>
Net operating income (loss)	<u>(853,653)</u>	<u>1,621</u>	<u>(436,898)</u>	<u>(1,288,930)</u>
Nonoperating revenue (expense)				
Gain (loss) on asset disposal/				
Insurance reimbursement	11,375	--	17,938	29,313
Sales tax revenue	645,013	--	1,290,025	1,935,038
Investment income	9,798	116	73,461	83,375
Grants	--	3,084	409,523	412,607
Interest expense	<u>--</u>	<u>(1,808)</u>	<u>--</u>	<u>(1,808)</u>
Total nonoperating revenue	<u>666,186</u>	<u>1,392</u>	<u>1,790,947</u>	<u>2,458,525</u>
(expenses)				
Net income (loss) before				
contributions and transfers	(187,467)	3,013	1,354,049	1,169,595
Operating transfers in (out)	<u>--</u>	<u>1,616</u>	<u>(775,200)</u>	<u>(773,584)</u>
Change in net position	(187,467)	4,629	578,849	396,011
Net position - beginning of year	<u>5,911,763</u>	<u>858,487</u>	<u>40,748,758</u>	<u>47,519,008</u>
Net position - end of year	<u>\$ 5,724,296</u>	<u>\$ 863,116</u>	<u>\$ 41,327,607</u>	<u>\$ 47,915,019</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Recreation Center</u>	<u>Golf Course Fund</u>	<u>Municipal Utility Department</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from customers	\$ 348,477	\$ 607,775	\$ 15,740,418	\$ 16,696,670
Payments to suppliers	(410,323)	(245,947)	(11,972,524)	(12,628,794)
Payments to employees and benefits	(567,459)	(276,570)	(2,853,147)	(3,697,176)
Payments capitalized	--	--	469,712	469,712
Receipts over refunds of customer meter deposits	<u>--</u>	<u>--</u>	<u>8,316</u>	<u>8,316</u>
Net cash provided (used) by operating activities	<u>(629,305)</u>	<u>85,258</u>	<u>1,392,775</u>	<u>848,728</u>
Cash flows from noncapital financing activities				
Operating subsidies and transfers from (to) other funds	<u>--</u>	<u>1,616</u>	<u>(775,200)</u>	<u>(773,584)</u>
Net cash provided (used) by Non-capital financing activities	<u>--</u>	<u>1,616</u>	<u>(775,200)</u>	<u>(773,584)</u>
Cash flows from capital and related financing activities				
Sales tax receipts	643,785	--	1,287,569	1,931,354
Purchases of capital assets	(389,880)	(1,955)	(1,651,753)	(2,043,588)
Repayment of long-term debt	--	(28,036)	--	(28,036)
Sale of capital assets	11,375	--	35,877	47,252
Grant proceeds	--	3,084	409,523	412,607
Interest expense	<u>--</u>	<u>(1,808)</u>	<u>--</u>	<u>(1,808)</u>
Net cash provided (used) by capital and related financing activities	<u>265,280</u>	<u>(28,715)</u>	<u>81,216</u>	<u>317,781</u>
Cash flows from investing activities				
Interest and dividends	<u>9,798</u>	<u>116</u>	<u>73,461</u>	<u>83,375</u>
Net cash provided (used) by investing activities	<u>9,798</u>	<u>116</u>	<u>73,461</u>	<u>83,375</u>
Net increase (decrease) in cash and cash equivalents	<u>(354,227)</u>	<u>58,275</u>	<u>772,252</u>	<u>476,300</u>
Cash balance - beginning of year	<u>1,364,442</u>	<u>102,251</u>	<u>12,383,695</u>	<u>13,850,388</u>
Cash balance - end of year	<u>\$ 1,010,215</u>	<u>\$ 160,526</u>	<u>\$ 13,155,947</u>	<u>\$14,326,688</u>
Cash, including time deposits	1,010,215	160,526	1,415,359	2,586,100
Restricted cash, including time deposits	<u>--</u>	<u>--</u>	<u>11,740,588</u>	<u>11,740,588</u>
Total cash and cash equivalents, end of year	<u>\$ 1,010,215</u>	<u>\$ 160,526</u>	<u>\$13,155,947</u>	<u>\$ 14,326,688</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Recreation</u>	<u>Golf Course</u>	<u>Municipal Utility</u>	<u>Total</u>
	<u>Center</u>	<u>Fund</u>	<u>Department</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities)				
Operating income (loss)	\$(853,653)	\$ 1,621	\$(436,898)	\$(1,288,930)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Cash flows reported in other categories:				
Depreciation expense	232,042	89,443	1,122,139	1,443,624
Bad debt expense	--	--	25,822	25,822
Change in assets and liabilities				
receivables, net	--	--	(639,811)	(639,811)
Inventories	--	--	(125,930)	(125,930)
Accounts and other payables	(9,233)	(8,894)	90,795	72,668
Customer meter deposits payable	--	--	8,316	8,316
Accrued expenses	1,539	3,088	599	5,226
Issuance of long-term debt paying operating costs	--	--	<u>1,347,743</u>	<u>1,347,743</u>
	<u>\$(629,305)</u>	<u>\$ 85,258</u>	<u>\$ 1,392,775</u>	<u>\$ 848,728</u>

Noncash investing, capital and financing activities:

MUB wrote off assets with a cost of \$358,412 and accumulated depreciation of \$340,473 that were replaced or scrapped per department policy. A gain on asset disposal of \$17,938 resulted from sales of \$35,877 for the fiscal year ending June 30, 2022.

CITY OF PRYOR CREEK, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
TABLE OF CONTENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Financial Reporting Entity
- B. Basis of Presentation
- C. Measurement Focus and Basis of Accounting
- D. Assets, Liabilities, and Equity
- E. Revenues, Expenditures, and Expenses

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- A. Fund Accounting Requirements
- B. Deposits and Investments Laws and Regulations
- C. Revenue Restrictions
- D. Debt Restrictions and Covenants
- E. Fund Equity Restrictions

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

- A. Cash and Investments
- B. Restricted Assets
- C. Accounts Receivable
- D. Capital Assets
- E. Inventory
- F. Accounts Payable
- G. Long-term Debt
- H. Accrued Compensated Absences
- I. Due to/from Other Funds - Operating and Capital Transfers
- J. Fund Equity

NOTE 4. OTHER NOTES

- A. Employee Pension
- B. Risk Management
- C. Subsequent Events

CITY OF PRYOR CREEK, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pryor Creek was created in 1871 and operates under a strong Mayor/Council form of government. The City's major operations include public safety, (Police, fire and civil defense), recreation, parks and library, provision and maintenance of streets and drainage, utility service (electric, gas, water and sewer), and general administrative services. In addition, the City exercises sufficient control over other governmental agencies that are included as part of the City's reporting entity.

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. The City was required to implement the new financial reporting requirements of GASB Statement Nos. 33 and 34 for the year ended June 30, 2003. Effective for the year ended June 30, 2006, the City is reporting all infrastructure. See Notes 3.D and 3.J.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:	City of Pryor Creek
Blended Component Unit:	Pryor Public Works Authority
Blended Other Units	County Wide Fire Department Fund

In determining the financial reporting entity, The City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

Blended Component Unit

<i>Component Unit</i>	<i>Brief Description/Inclusion Criteria</i>	<i>Reporting</i>
Pryor Public Works	The Authority is utilized for the purpose of entering into a long-term contract providing the Citizens of Pryor Creek with trash services. Its major source of income is franchise fees from such contract.	Special Revenues

Blended Other Units

A countywide sales tax was passed, effective January 1, 2003, for the purpose of providing revenues to the various fire departments of Mayes County. The sales tax receipts, which began in March, 2003 and are equally divided among the fire departments, is administered by the County which maintains a fund for each fire department, including that of the City of Pryor Creek. Purchases against the funds can only be initiated by each fire department, sometimes requiring its governing board approval.

Other Units by Reference

The Pryor Creek Economic Development Authority is included in this report. However, since the Authority has no assets, liabilities (only non-commitment debt to the City and the Authority), revenues or expenditures, it is included only by reference and explanation in the notes to the financial statements. The original amount of the debt was \$2,356,000.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounting for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally or council restricted to expenditures for certain purposes.

Capital Project Funds

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. All capital project funds were created by Council action and derive their revenues as a result of Council action. Accordingly, the City Council can change or eliminate these funds by vote.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the City other than debt service payments made by other funds. This fund receives revenues from a 1/2 cent sales tax until the general obligation bonds are fully paid. Although not anticipated, the City may assess a property tax if such sales tax is insufficient.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Municipal Utility Department, Golf Course Fund and the Recreation Center constitute the Enterprise Funds. Beginning in June, 2021 the Swimming Pool was transferred out of the General Fund and became an Enterprise Fund. However, it was transferred back to the General Fund in the fiscal year ending June 30, 2022.

Major and Non-major Funds

The funds are further classified as major or non-major as follows:

Fund	Brief Description
Major:	
General	See above for description
Special Revenue Fund Street & Drainage	Accounts for revenues and expenditures of maintaining, improving and extending streets and drainage
PPWA Sinking Fund	Accounts for sales tax revenues and debt service expenditures for 2011 bonds

Proprietary Fund:	
Municipal Utility Board	Accounts for activities of providing electric, water,
Recreation Center Cash Fund	Charges for membership and services for use of the facilities and personnel in addition to receiving $\frac{1}{4}$ of 1 cent sales tax. The facility opened in March, 2009.
Golf Course Fund	Accounts for revenues and expenses of municipally run course.
Non-major:	
Special Revenue Funds:	
E-911	Accounts for revenues and expenditures of E-911 service that is legally restricted for public safety use.
Countywide Fire Department	See above for description.
Cemetery Care	Accounts for 25 percent of cemetery revenue restricted by State law for cemetery capital improvements.
Cemetery Care Interest Fund	Interest on cemetery care fund designated for cemetery operations.
Seizures	Police seizures for use of police department.
Library	Accounts for grants and contributions specifically for the library.
Donations and Earmarked Monies	Accounts for donations and grants for specific projects or specific purposes.
Public Works Authority	See above for description.
Hotel and Motel Tax	Accounts for revenues of hotel/motel tax restricted by local ordinance for the promotion of conventions and tourism.

Fee-in-Lieu	Accounts for funds deposited with the City by third parties for drainage projects caused by real estate development.
-------------	--

Police Cash Fund	Revenues consist of \$10 for each police fine to be used exclusively for the Police Department
------------------	--

Debt Service Fund	See above for description.
-------------------	----------------------------

Capital Project Funds:

Capital Outlay	Accounts for 1/8 of one cent sales tax dedicated for capital outlay. Cannot be changed without a vote of the people.
----------------	--

Capital Outlay	Although initially set up to fund the purchase of a fire truck Reserve in 2000, it has now essentially become a capital outlay fund for the fire department. Revenues consist of outside fire runs, fire subscriptions and grants for the fire department.
----------------	--

Real Property Acquisition	Created by the Council to accumulate funds for additions and improvements to land and buildings. Although at one time, this fund was allocated 1/10 of 1 cent sales tax, this fund has no designated source of income.
---------------------------	--

Library Building	Accounts for donations to add on to the existing library.
------------------	---

PPWA Bond Proceeds	Accounts for bonds proceeds to construct a new City Hall and for street improvements
--------------------	--

The Municipal Utility Department was created by the Charter for the City of Pryor Creek, Oklahoma in January, 1951. The Department operates under the Utility Board consisting of five members. Vacancies in the membership of the Utility Board are filled by appointment by the remaining members of the Board subject to the approval of the City Council. The Department's operations consist of providing electrical, gas, water and sewage disposal service to the citizens of the City of Pryor Creek. All revenues received are dedicated by Charter as follows:

First, revenues are to be used for the payment of operating expenses, expenses incidental to the running of new services and the installation of new meters without major extension of lines, cost of minor extensions of lines and cost of replacements due to obsolescence.

Secondly, the Board is authorized to set aside, out of its revenues (reduced by encumbrances), a reserve for depreciation, replacement of obsolete or worn-out property, machinery, and equipment and to provide an emergency fund in cases of destruction or injury to utility properties. However, the funding for such reserve cannot exceed 20 percent of the net profits of the Utility Department for the year.

Third, after application of the foregoing, any surplus revenues shall be applied first to the current interest and accruals in the sinking fund of the City of Pryor Creek and thereafter transferred to the general fund of the City of Pryor Creek.

Legal counsel has ruled that if sufficient funding is otherwise available for the sinking fund, then such surplus revenues may go directly to the general fund.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and businesslike activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus, except for sales tax revenues which are recognized on a "current financial resources" measurement by the Municipal Utility Department. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The City implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2003. Beginning with the year ended June 30, 2006, all infrastructure is reflected on the Statement of Net Position. Prior to then only additions to infrastructure for the years ended June 30, 2003, 2004 and 2005 were reflected on such statements. See Notes 3.D and 3.J pertaining to the capitalization of infrastructure in the current year.

In the government-wide Statement of Net Position and Statement of Activities, both governmental and businesslike activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Specifically, taxes received in July and August after the year end are accrued when such taxes pertain to the period being reported.

In the fund financial statements, governmental funds are also presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. Sales and other taxes, franchise taxes, grants and investment earnings are recorded when earned. Grant receivables are recognized when expenditures are incurred that are to be reimbursed. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt services, prepaid expenses, and other long-term obligations which are recognized when paid.

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Budget Basis of Accounting

Formal budgetary accounting is employed as a management control for the governmental funds of the City. Annual operating budgets are adopted each fiscal year for most funds. The basis of accounting for budgetary purposes for all funds is the modified accrual, i.e., revenues are recognized when received and expenditures are recognized when encumbered. The Enterprises Funds of the golf course and Municipal Utility Department also adopt budgets and revenues are recognized when earned and billed and expenditures are recognized when incurred.

The budget method authorized by Oklahoma Statute adopted by the City for its general fund places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance at the end of the fiscal year plus 90% of its revenues for the year just ended. However, the Municipal Utility Department, an Enterprise Fund, annually budgets an amount to remit to the City's general fund. The budgeted amount, not 90% of the amount remitted for the year then ended, is utilized in preparing the general fund's budget. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

1.D. ASSETS, LIABILITIES, AND EQUITY

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." See Note 3.I. for details of interfund transactions, including receivables and payables at year end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

The Municipal Utility Department is the only fund that has receivables that are essentially subject to bad debts. An allowance for uncollectible accounts has not been established, as is more fully explained in Note 3.C. Such receivables consist of utility charges to customers. The other proprietary fund, the golf course, has no receivables.

Inventories

The Municipal Utility Department is the only fund that has inventory in the financial statements. Such inventory is generally for repairs and improvements to the system and is classified as a noncurrent asset.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which have recorded at their estimated fair value at the date of donation.

As of June 30, 2006 and later years, the governmental funds' infrastructure assets have been capitalized. Up to then, infrastructure was capitalized on a prospective basis for the years ending June 30, 2003, 2004 and 2005.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-

line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Governmental</u>	<u>Proprietary</u>
Buildings	25 - 50 years	20 - 40 years
Machinery and Equipment	3 - 20 years	5 - 10 years
Utility System	25 - 50 years	7 - 100 years
Infrastructure	13 - 160 years	

Because certain system additions for the Municipal Utility Department are actually replacements of old system assets, an estimate has been made to reduce the value of the system by the amount of the replaced assets. An estimate of 40% of current year utility system additions are removed, along with applicable accumulated depreciation, from appropriate utility system accounts (gas, electric, water, sewer). The oldest assets recorded are the first retired.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to charter and third party required reserves and utility meter deposits.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and leases payable, accrued compensated absences, and customer meter deposits.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City's policies regarding vacation and other compensated time off permit employees to accumulate earned but unused time off. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

The Municipal Utility Department requires meter deposits for utility services. Such deposits are retained until services are discontinued. At that time, the deposits are applied first to any outstanding balances owed by the customers and the excess, if any, is refunded. No interest is paid on the deposits.

- c. Assigned net position - All net position that do not meet any of the definitions and are for a specific purpose
- d. Unassigned - All net position that do not meet any of the definitions and can be used for any purposes. Represents the net position of the General Fund.
- e. Unrestricted net position - All other net position of business-type activities that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as assigned and unassigned, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. See Note 3.G. for additional disclosures.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Sales Tax

The City levies a 4.000 cent sales tax. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is allocated to the various funds by ordinance:

	Effective <u>7/1/2018</u>	Effective <u>1/1/2021</u>
General Fund	1.875	1.875
Street and Drainage	.650	.650
Municipal Utility Department	.500	.500
Capital Outlay	.225	.225
Recreation Center Cash Fund	.250	.250
Sinking Fund - Bonded Indebtedness	.500	.450
Main Street Fund	<u>.000</u>	<u>.050</u>
	<u>4.000</u> cents	<u>4.000</u> cents

The sales tax is recorded in the various funds with the exception of the sales tax for the Municipal Utility Department which is recorded in the General Fund and transferred to the Municipal Utility Department. The sales tax in the Municipal Utility Department is restricted as discussed in Note 3.J.

Use Tax

The City levies a 4.000 use tax on personal property purchased outside the city limits but stored, used, or consumed within the city. The use tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. Effective for use tax earned in December 2009 and received in February, 2010, the use tax was allocated to the General Fund rather than the Capital Outlay Fund due to the downturn in the economy and is still being allocated to the General Fund.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities:

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City of Pryor Creek's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

FUND ACCOUNTING REQUIREMENTS

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

<i>Fund</i>	<i>Required By</i>
Cemetery Care Fund	State Law
Municipal Utility Department	City Charter
Street and Drainage	State Law
Public Works Authority	Trust Indenture

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U. S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A. Section 1823 (e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

2.C. REVENUE RESTRICTIONS

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Sales Tax	See Notes 1.E. and 3.J.
Gasoline Excise & Commercial Vehicle Tax	Street and Alley Purposes
E-911 revenue	E-911 Emergency Services Purposes
Water, Sewer, Electrical, and Gas Revenue	Debt Service & Utility Operations
Cemetery Revenue (15%)	Cemetery Capital Improvements
Hotel/Motel Tax	Convention and Tourism
Golf Revenue	Golf Operations and Maintenance
Recreation Center Revenues	Recreation Center Operations and Maintenance

For the year ended June 30, 2022, the City complied, in all material respects, with these revenue restrictions.

2.D. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

Article 10, Sections 26 and 27, for the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for nonutility or non-street purposes to no more than 10 percent of net assessed valuation. For the year ended June 30, 2022, the City complied with this provision.

Other Long-term Debt

Except as noted in the preceding paragraph, as required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval. For the year ended June 30, 2022, the City incurred no such indebtedness.

2.E. FUND EQUITY RESTRICTIONS

Deficit Prohibition

Title 11, Section 17-211, of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The City of Pryor Creek complied with this statute in all material respects for the year ended June 30, 2022.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A. CASH AND INVESTMENTS

Deposits

The City's policies regarding deposits of cash are discussed in Note 1.E. The table presented below is designed to disclose the level of custody credit risk assumed by the City based upon how its deposits were insured or secured with collateral at June 30, 2022. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in its name

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized with no written or approved collateral agreement

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Credit Risk Category</u>			<u>Total Carrying Value</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Total Deposits	<u>\$25,420,215</u>	<u>\$ 3,095,591</u>	<u>\$22,324,624</u>	<u>\$ --</u>	<u>\$25,317,804</u>
Reconciliation to Government-wide Statement of Net position:					
Unrestricted cash					\$ 12,172,461
Restricted cash, including time deposits					<u>13,145,346</u>
					<u>\$25,317,807</u>

3.B. RESTRICTED ASSETS

Restricted assets consist of cash, certificates of deposit, investments, and taxes receivable reserved as follows:

Municipal Utility Department

Customer meter deposits - reflected as a long-term liability on the balance sheet	\$ 1,045,141
Reserve for property, plant and equipment replacements and emergency and disaster relief - reflected as a reservation of retained earnings on the balance sheet	2,927,283
Sales tax allocated for capital improvements	7,083,538
Reserved for charter required legal obligations	<u>896,385</u>
	<u>\$11,952,347</u>

City of Pryor

Reserve fund for payment of principal and interest on bonds	1,595,341
Construction funds	<u>--</u>
	<u>1,595,341</u>
Grand total	<u>\$13,547,688</u>

Encumbrances are recognized as a reserve on the Municipal Utility Department, a proprietary type fund due to the City Charter's definition and allocation of such fund's computation and distribution of surplus revenues between the General Fund and the reserves of the Municipal Utility Department. See Note 3.J. for additional information.

3.C. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of grants receivable.

Accounts receivable of the Municipal Utility Department are reported at their gross value without an allowance for doubtful accounts. All accounts have utility deposits with the Department which can be applied to any unpaid balances. Management feels that such deposits will cover most accounts that might become uncollectible. Accordingly, no allowance for uncollectible accounts has been established. The following is a summary of the bad debts for the current and prior four fiscal years:

June 30, 2022	\$25,822
June 30, 2021	\$21,429
June 30, 2020	\$29,857
June 30, 2019	\$38,187
June 30, 2018	\$29,818

3.D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	<i>Balance at July 1, 2021</i>	<i>Additions</i>	<i>Transfers</i>	<i>Disposals</i>	<i>Balance at June 30, 2022</i>
Governmental activities:					
Land	\$ 3,252,613	\$ 2,384	\$ --	\$ --	\$ 3,254,997
Buildings	7,428,124	56,221	--	--	7,484,345
Machinery and equipment	10,386,592	552,367	--	(2,475)	10,936,484
Infrastructure					
Improvements	52,209,686	779,851	--	--	52,989,537
Land, easements, etc.	7,045,000	--	--	--	7,045,000
Work in progress	<u>866,879</u>	<u>8,235,141</u>	<u>--</u>	<u>--</u>	<u>9,102,020</u>
Totals at historical cost	<u>81,188,894</u>	<u>9,625,964</u>	<u>--</u>	<u>(2,475)</u>	<u>90,812,383</u>
Less accumulated depreciation					
Buildings	(3,170,292)	(166,168)	--	--	(3,336,460)
Machinery and equipment	(6,952,084)	(584,732)	--	1,469	(7,535,347)
Infrastructure	<u>(28,112,416)</u>	<u>(1,014,164)</u>	<u>--</u>	<u>--</u>	<u>(29,126,580)</u>
Total accumulated depreciation	<u>(38,234,792)</u>	<u>(1,765,064)</u>	<u>--</u>	<u>1,469</u>	<u>(39,998,387)</u>
Governmental activities capital assets, net	<u>\$ 42,954,102</u>	<u>\$(7,890,900)</u>	<u>\$ --</u>	<u>\$(1,006)</u>	<u>\$ 50,813,996</u>
Business-type activities:					
Land and easements	352,426	2,384	--	--	354,810
Buildings	7,895,291	318,443	--	--	8,213,734
Machinery and equipment	4,812,797	628,552	--	(108,631)	5,332,718
Utility property	42,818,483	967,819	--	(264,267)	43,522,035
Work in progress	<u>27,207</u>	<u>126,390</u>	<u>--</u>	<u>--</u>	<u>153,597</u>
Total at historical cost	<u>55,906,204</u>	<u>2,043,588</u>	<u>--</u>	<u>(372,898)</u>	<u>57,576,894</u>

	<i>Balance at July 1, 2021</i>	<i>Additions</i>	<i>Transfers</i>	<i>Disposals</i>	<i>Balance at June 30, 2022</i>
Less accumulated depreciation:					
Buildings	(3,241,605)	(208,946)	--	--	(3,450,551)
Machinery and equipment	(2,843,917)	(267,703)	--	108,631	(3,002,989)
Utility property	<u>(16,817,387)</u>	<u>(966,975)</u>	<u>--</u>	<u>246,328</u>	<u>(17,538,034)</u>
Total accumulated depreciation	<u>(22,902,909)</u>	<u>(1,443,624)</u>	<u>--</u>	<u>354,959</u>	<u>(23,991,574)</u>
Business-type capital assets, net	<u>\$ 33,003,295</u>	<u>\$ 599,964</u>	<u>\$ --</u>	<u>\$ (17,939)</u>	<u>\$ 33,585,320</u>

* Depreciation expense was charged to governmental activities as follows:

General government:	
City Clerk	\$ 6,866
General government	<u>144,466</u>
Total General Government	<u>151,332</u>
Public safety and judiciary:	
Police	255,967
Fire	121,671
Civil emergency management	<u>6,434</u>
Total public safety and judiciary	<u>384,072</u>
Transportation:	
Streets	<u>1,107,723</u>
Total transportation	<u>1,107,723</u>
Cultural, parks and recreation:	
Library	12,763
Cemetery	11,440
Swimming pool and parks	<u>97,734</u>
Total cultural, parks and recreation	<u>121,937</u>
Total depreciation expense	<u>\$1,765,064</u>

3.E. INVENTORY

Inventory consists of utility materials and supplies that will be expensed when used for repairs and/or capitalized when used for improvements. The Department maintains such inventories for ordinary and emergency repairs and improvements and many of the items are in the nature of a back-up to parts of the utility system. Thus, many of the inventory items will not be used in the next fiscal year. Accordingly, inventory has not been classified as a current asset.

Inventory is stated at cost on a first-in, first-out basis.

3.F. ACCOUNTS PAYABLE

Payables in all funds are composed of payables to vendors only. Accrued expenses consist mainly of accrued payroll.

3.G. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

The following is a summary of the City's (excluding Proprietary Funds) long-term debt transactions for the year ended June 30, 2022:

Debt outstanding, July 1, 2021	\$ 9,914,587
Additions	266,588
Retirements	<u>(711,947)</u>
Debt outstanding, June 30, 2022	<u>\$ 9,469,228</u>

The provisions of such debt at June 30, 2022 are as follows:

	<u>Total Debt</u>	<u>Due Within One Year</u>
Lease/purchase of police cars, payable in monthly Installments of \$5,371.14, including 2.25% interest Until January 2024	\$ 96,003	\$ 62,940
Lease/purchase of computer equipment payable in monthly installments of \$3,930.39, including 1.98% interest until January, 2024	73,993	46,117
Lease/purchase of police dispatch system improvements payable in monthly installments of \$2,000.62, including 1.98% interest until March, 2029	154,232	21,145
2022 sales tax revenue note in the original amount of \$10,000,000, payable in varying amounts of principal and interest at 2.25% until January 1, 2035. Secured by a .75 cent sales tax	<u>9,145,000</u>	<u>585,000</u>
Total	9,469,228	<u>\$ 715,202</u>
Amount due in one year	<u>715,202</u>	
Long term portion	<u>\$ 8,754,026</u>	

The following is a summary of payments due until maturity:

	<u>Principal</u>
Year ending June 30, 2023	715,202
Year ending June 30, 2024	687,506
Year ending June 30, 2025	641,998
Year ending June 30, 2026	662,438
Year ending June 30, 2027	682,886
Five years ending June 30, 2032	3,649,198
Four years ending June 30, 2036	2,430,000

The following is a summary of the City's Golf Course Fund's long-term debt transactions for the year ended June 30, 2022:

Debt outstanding, July 1, 2021	\$ 105,525
Additions	--
Retirements	<u>(28,036)</u>
	<u>\$ 77,489</u>

The provisions of such debt at June 30, 2022 are as follows:

	<u>Total Debt</u>	<u>Due Within One Year</u>
Lease/purchase of golf carts for the Pryor Creek Golf Course in March, 2021, payable in monthly Installments of \$2,487.01 at 1.95% interest until March, 2025	<u>\$ 77,489</u>	<u>\$ 28,588</u>
Total	\$ 77,489	28,588
Amount due in one year	<u>28,588</u>	
Long-term portion	<u>\$ 48,901</u>	

The following is a summary of payments due until maturity:

Year ending June 30, 2023	28,588
Year ending June 30, 2024	29,150
Year ending June 30, 2025	19,751

The following is a summary of the Municipal Utility Board's long-term debt transactions for the year ending June 30, 2022:

Debt outstanding, July 1, 2021	\$ --
Additions	1,418,677
Retirements	<u>(70,934)</u>
Debt outstanding, June 30, 2022	<u>\$ 1,347,743</u>

The provisions of such debt at June 30, 2022 are as follows:

	<u>Total Debt</u>	<u>Due Within One Year</u>
Financed excess electric billing costs As a result of a natural disaster winter Storm in 2020. Payments will be \$11,518, Including 2% interest until October 2032	<u>\$1,347,743</u>	<u>\$ 173,458</u>
Total	\$1,347,743	<u>\$ 173,458</u>
Amount due in one year	<u>173,458</u>	
Long Term portion	<u>\$1,174,285</u>	

The following is a summary of payments due until maturity:

Year ending June 30, 2023	\$173,458
Year ending June 30, 2024	115,410
Year ending June 30, 2025	117,834
Year ending June 30, 2026	120,246
Year ending June 30, 2027	122,707
Five years ending June 30, 2032	652,210
One year ending June 30, 2033	45,878

Non-Commitment Debt

The notes and bonds payable comprising the Pryor Creek Economic Development Authority's indebtedness are not indebtedness of the State of Oklahoma, nor of the City of Pryor Creek, nor are they personal obligations of the Pryor Creek Economic Development Authority but are obligations of the Authority payable solely from the Trust Estate consisting of the Authority notes and related Financing Agreements and other security outlined in the Mortgage or Bond indentures.

This debt is considered non-commitment debt to the City and Authority since the debt payments are made solely from the notes receivable or financing agreement proceeds from industrial occupants. Payments are made directly by the industrial occupants to trustee banks who pay the bondholders. In the event of default by the industrial occupants, the City or Authority has no obligation, in substance, to make any payments on the debt since the notes receivable, financing agreements and mortgages on the property with the industrial occupant are the only security for the debt.

As a result of the non-commitment determination, the Authority's indebtedness and related receivables from industrial occupants are not recorded in the financial statements.

3.H ACCRUED COMPENSATED ABSENCES

City employees are entitled to certain compensated absences based on their length of employment. This liability is reflected in the balance sheet of the proprietary funds. Additionally, the full amount of the accrual is included in the Street and Drainage Special Revenue Fund, as that fund appears to have sufficient expendable available financial resources to liquidate the obligation.

The accrued compensated absences for the Governmental Funds totals \$173,716. Consistent with prior years, only \$53,762 of this amount has been included as a liability in the General Fund in the Fund financial statements. However, the \$173,716 is reflected as a liability on the government-wide statements.

3.I. DUE TO/FROM OTHER FUNDS - OPERATING AND CAPITAL TRANSFERS

As of June 30, 2022, interfund receivables and payables which resulted from various interfund transactions were as follows:

	<i>Due From Other Funds</i>	<i>Due to Other Funds</i>
General Fund	\$ 5,026	\$ 52,198
Public Works Authority	3,355	--
Municipal Utility Department	2,198	8,381
Economic Development Trust Authority	<u>50,000</u>	<u>--</u>
	<u>\$ 60,579</u>	<u>\$ 60,579</u>

Operating transfers during the year consisted of the following:

	<u>From</u>		<u>To</u>	
	<u>Fund</u>	<u>Amount</u>	<u>Fund</u>	<u>Amount</u>
Distribution of current operating income	Municipal Utility Department	\$775,200	General Fund	\$775,200
Startup Funds for Economic Development Trust Authority	General Fund	50,000	EDTA	50,000
Transfer of funds For capital outlay Purchases	Capital Outlay Fund	150,000	Capital Outlay Reserve	150,000

3.J. EQUITY

Reserve for Charter Required Legal Obligations - It has been interpreted by legal counsel that the Department is to encumber cash for goods and services ordered but not received as of the end of the year for purposes of determining "surplus revenues" that can be added to reserves or remitted to the City of Pryor Creek. Accordingly, a reserve has been provided for such encumbrances.

Reserved for Capital Improvements from Sales Tax - This reserve is funded by a 1/2 cent sales tax and interest revenue. The Department is utilizing such revenues to fund depreciation for the waste water treatment plant as required in grant agreements. The excess can only be used for utility systems improvements and additions. The activity in this reserve account is summarized as follows:

Balance - July 1, 2021	<u>\$ 7,043,141</u>
Additions	
Reserve transfers in from sales tax	1,290,025
Interest income applicable to reserve balance	<u>65,929</u>
	<u>1,355,954</u>
Subtractions	
Equipment and system additions paid for from reserves	<u>1,315,557</u>
	<u>1,315,557</u>
Balance - June 30, 2022	<u>\$ 7,083,538</u>

Reserve for Property, Plant and Equipment and Emergency and Disaster Relief - This reserve is authorized in the Charter of the City of Pryor Creek and is in accordance with State Statutes. It provides a method of funding future replacements and additions to fixed assets and a reserve for disasters.

The activity in this reserve account is summarized as follows:

Balance - July 1, 2021	\$ 2,733,463
Subtractions	
Contribution of general operations to increase unreserved cash to level of liabilities as of June 30, 2022	<u>193,800</u>
Balance June 30, 2022	<u>\$ 2,927,263</u>

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

The City participates in four employee pension systems as follows:

Name of Plan /System	Type of Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer- Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OkMRF)	Agent Multiple Employer - Defined Contribution Plan
Oklahoma Municipal Retirement Fund (OkMRF)	Agent Multiple Employer - Defined Contribution Plan

Oklahoma Police Pension and Retirement System

Plan description - The City of Pryor Creek, as the employer, participates in the Oklahoma Police Pension and Retirement Plan, a cost-sharing multiple employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at the Plan's administrative web site.

Benefits provided - OPPRS provides retirement, disability and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited services, regardless of age. Participants become vested upon completing 10 years of credited service. As a contributing participant of the Plan, no vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participant's final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective, July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions - The contribution requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$216,873.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual earnings	\$ 30,845	\$ 84,795
Changes of assumptions	32,670	--
Net difference between projected and actual earnings on pension plan investments	525,634	2,092,778
Changes in proportion and differences between City contributions and proportionate share of contributions	--	--
City contributions subsequent to the measurement date	<u>216,873</u>	<u>--</u>
Total	<u>\$ 806,022</u>	<u>\$2,177,573</u>

\$216,873 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30	
2022	\$(358,434)
2023	(314,096)
2024	(397,240)
2025	(522,428)
2026	<u>3,774</u>
	<u><u>\$(1,588,424)</u></u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions applied to all prior periods included in the measurement:

Inflation	2.75%
Salary increases	3.5% to 12% average, including inflation
Investment rate of return	7.5% net of pension plan investment expense
Mortality rates:	<p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined Table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and non-disabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.</p> <p>Disabled pensioners: RP-2000 Blue Collar Healthy Combined Table with age set forward 4 years with fully generational improvement using scale AA.</p>

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class:</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private equity	9.36%

The current allocation policy is that approximately 65% of assets in equity instruments, including public equity, long-short hedge, venture capital and private equity strategies; approximately 20% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities and other strategies.

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage higher (8.5%) than the current rate.

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Employer's net pension liability (asset)	\$(805,695)	\$(2,148,346)	\$(3,283,658)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPR, which can be located on the Plan Administrative web site.

Oklahoma Firefighter's Pension and Retirement System

Plan description - The City of Pryor Creek, as the employer, participates in the Firefighters Pension and Retirement, a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension and Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at the Plan's administrative web site.

Benefits provided - FPRS provides retirement, disability and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$138,613.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported a net pension liability of \$1,834,868 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was .278615%.

\$138,613 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual earnings	\$665,466	\$ 32,223
Changes of assumptions	--	40,698
Net difference between projected and actual earnings on pension plan investments	180,436	1,639,078
City contributions subsequent to the measurement date	<u>138,613</u>	<u>--</u>
Total	<u>\$984,515</u>	<u>\$1,711,999</u>
Year ended June 30		
2021	\$(135,461)	
2022	(171,805)	
2023	(213,263)	
2024	<u>(345,568)</u>	
	<u>\$(866,097)</u>	

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for health lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

	Long-term Expected Real Rate of Return
Domestic equity	5.73%
International equity	8.50%
Fixed income	3.53%
Real estate	7.97%
Other assets	9.73%

Discount Rate: The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Employer's net pension liability (asset)	\$2,867,361	\$1,834,868	\$ 970,460

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS, which can be located on the Plan Administrative web site.

III Pryor Creek Public Employee Retirement System (PCPERS)

A. Plan Description

The City of Pryor Creek contributes to the Pryor Creek Public Employee Retirement System (PCPERS), which is a defined contribution pension plan administered by an insurance company. The PCPERS covers all employees of the City of Pryor Creek who are not covered by the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, or the employees of the Municipal Utility Department, which has a separate plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Coverage is extended to eligible employees who have completed 6 months of service and attained the age of 20.5. Contributions made by an employee vest immediately and contributions made by the City vest 10% for each year of service beginning with the first year.

B. Contributions Required and Made

Employees' contributions to the plan are voluntary. An employee can, however, make elective contributions to the plan so that his or her contributions can be 10% of gross earnings. The City's required contribution to the plan is 9% of the employee's gross earnings during the current year.

During the fiscal year ending June 30, 2022, the City's required and actual contributions amounted to \$196,398, with a current year covered payroll of \$2,311,875.

C. Related Party Investments

The PCPERS held no securities of the City or other related parties during the year or as of the close of the fiscal year.

IV. Municipal Utility Department of Pryor, Oklahoma Money Purchase Plan

A. Plan Description

The Municipal Utility Board contributes to the Municipal Utility Department of Pryor, Oklahoma Money Purchase Plan, (MUDPOMPP) which is a defined contribution pension plan administered by an insurance company. The MUDPOMPP covers all employees of the Department.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Coverage is extended to eligible employees who have completed one year of service and attained the age of 21. Contributions are not made by an employee and contributions made by the Department are vested 20% in the plan after two years of service. After six years, employees are fully vested.

Contributions Required and Made

Employee contributions to the plan are not allowed. The Department's required contribution to the plan was 12% for the year.

During the fiscal year ending June 30, 2022, the Department's required and actual contributions amounted to \$291,715, with a current year covered payroll of \$2,430,956.

B. Related Party Investments

The MUDPOMPP held no securities of the City or other related parties during the year or as of the close of the fiscal year.

4.B. Adoption of ASC 842 and Lease Obligations

During the current year, the City adopted Accounting Standards Update (ASU) No. 2016-02. Leases (Topic 842), which replaces the existing guidance in ASC 840, Leases. ASC 842 requires lessees to recognize a right-of-use (ROU) asset and lease liability on the balance sheet for most leases, including operating leases.

The City elected to apply ASC 842 using the modified retrospective approach, which allows for the application of the standard at the beginning of the earliest period presented in the financial statements. In accordance with ASC 842-10-65-1 (f), the City elected to apply the package of practical expedients, which permits the City to not reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases, and (3) initial direct costs for any existing leases.

As a result of applying the modified retrospective approach and the package of practical expedients, the impact of the new standard on the financial statements is immaterial. Therefore, no adjustments to the financial statements have been recorded for the adoption of ASC 842. The City will continue to assess its lease arrangements and the potential impact of ASC 842 on its financial statements and will apply the new standard to future lease transactions, as appropriate.

4.C. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City manages these various risks through the purchase of commercial insurance with varying deductibles. These deductibles are well below materiality levels for the City. Additionally, the Municipal Utility Department has reserves for replacement of assets as described in Note 3.J. During the last three years no claim has been settled for amounts in excess of insurance coverage.

4.D. Subsequent Events

In March 2022, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on future contributions, revenue, and investment income of the Organization. The occurrence and extent of such an impact will depend on future developments, including:

(1) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

The total financial impact of COVID-19 on the Organization cannot be determined at this time.

There were no other subsequent events to disclose as of April 26, 2023.

4.E. Commitments and Contingencies

As of April 26, 2023, the City had the following pending litigation claims:

Mayes County District Court suit CJ-2020-181 (Sordahl vs. City of Pryor) filed October 26, 2020. Legal counsel opinion is that there is a strong likelihood of an adverse judgment that would be small. In the event of an adverse judgment of the estimate of potential liability would be less than \$50,000. The case is still ongoing, and the outcome is not determined.

Tort Claim Notice by Tom Hall and Debbie Taylor submitted to the City on August 12, 2022. No suit has been filed by the claimant. The Statute of limitations runs on filing of suit August 12, 2023. The likelihood of an adverse ruling against the City in the event a suit is filed is low.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB, but are not considered a part of the basic financial statements. Such information includes:

Defined Benefit Cost Sharing Plans:

Police:

- Schedule of the City's Proportionate Share of the Net Pension Liability
(Asset)
- Schedule of City Contributions

Fire:

- Schedule of the City's Proportionate Share of the Net Pension Liability
(Asset)
- Schedule of City Contributions

Budgetary Comparison Schedules - General Fund

**CITY OF PRYOR CREEK, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED 6/30/2022**

**Schedule of the City of Pryor's Proportionate Share
of the Net Pension Liability (Asset)
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability (asset)	0.3660%	0.3667%	0.3663%	0.3314%	0.3155%	0.3708%	0.4170%	0.4478%
City's proportionate share of the net pension liability (asset)	\$ (123,243)	\$ 14,994	\$ 551,848	\$ 25,492	\$ (150,292)	\$ (23,670)	\$ 478,873	\$(2,148,346)
City's covered employee payroll	\$ 1,063,308	\$ 1,084,017	\$ 1,054,994	\$ 986,806	\$ 1,205,704	\$ 1,465,497	\$ 1,585,955	\$ 1,761,233
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-11.590%	1.380%	52.310%	2.584%	-12.470%	1.620%	30.190%	-121.980%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.530%	99.820%	93.500%	99.680%	101.890%	100.240%	95.800%	117.070%

* The amounts present for each fiscal year were determined as of 6/30 of the previous year.

Notes to the Schedule:

*Only the current year and seven previous years are presented because 10-year data is not yet available.

**CITY OF PRYOR CREEK, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED 6/30/2022**

**Schedule of the City of Pryor's Contributions
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contributions	\$ 135,130	\$ 138,587	\$ 128,478	\$125,111	\$ 156,741	\$ 181,736	\$ 201,466	\$ 216,873
Contributions in relation to the statutorily required contribution	<u>\$ 135,130</u>	<u>\$ 138,587</u>	<u>\$ 128,478</u>	<u>\$125,111</u>	<u>\$ 156,741</u>	<u>\$ 181,736</u>	<u>\$ 201,466</u>	<u>\$ 216,873</u>
Contribuiton deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered employee payroll	<u><u>\$1,063,308</u></u>	<u><u>\$1,084,017</u></u>	<u><u>\$1,054,994</u></u>	<u><u>\$986,806</u></u>	<u><u>\$1,205,704</u></u>	<u><u>\$1,397,969</u></u>	<u><u>\$1,565,956</u></u>	<u><u>\$1,761,233</u></u>
Contributions as a percentage of covered employee payroll	13%	13%	13%	13%	13%	13%	13%	12%

Notes to the Schedule:

* Only the current year and seven previous years are presented because 10-year data is not yet available.

**CITY OF PRYOR CREEK, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED 6/30/2022**

**Schedule of the City of Pryor's Proportionate Share
of the Net Pension Liability (Asset)
Oklahoma Firefighters Pension and Retirement System
Last 10 Fiscal Years***

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability (asset)	0.216400%	0.215800%	0.216400%	0.196970%	0.184386%	0.211085%	0.240908%	0.278615%
City's proportionate share of the net pension liability (asset)	\$2,225,501	\$2,290,679	\$2,601,588	\$2,477,344	\$2,079,533	\$2,230,461	\$2,967,779	\$1,834,868
City's covered employee payroll	\$ 593,815	\$ 597,498	\$ 576,380	\$ 561,212	\$ 645,477	\$ 771,028	\$ 904,068	\$1,013,219
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	374.780%	383.400%	451.370%	441.428%	321.550%	289.280%	328.270%	181.090%
Plan fiduciary net position as a percentage of the total pension liability (asset)	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%

* The amounts present for each fiscal year were determined as of 6/30 of the previous year.

Notes to the Schedule:

*Only the current year and seven previous years are presented because 10-year data is not yet available.

**CITY OF PRYOR CREEK, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED 6/30/2022**

**Schedule of the City of Pryor's Contributions
Oklahoma Firefighters Pension and Retirement System
Last 10 Fiscal Years***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contributions	\$ 81,592	\$ 82,511	\$ 77,421	\$ 75,816	\$ 90,367	\$ 107,302	\$ 125,754	\$ 138,613
Contributions in relation to the statutorily required contribution	<u>\$ 81,592</u>	<u>\$ 82,511</u>	<u>\$ 77,421</u>	<u>\$ 75,816</u>	<u>\$ 90,367</u>	<u>\$ 107,302</u>	<u>\$ 125,754</u>	<u>\$ 138,613</u>
Contribuiton deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	<u><u>\$ 593,815</u></u>	<u><u>\$ 597,498</u></u>	<u><u>\$ 576,380</u></u>	<u><u>\$ 561,212</u></u>	<u><u>\$ 645,477</u></u>	<u><u>\$ 771,028</u></u>	<u><u>\$ 904,068</u></u>	<u><u>\$ 1,013,219</u></u>
Contributions as a percentage of covered employee payroll	13.74%	13.20%	13.43%	13.51%	14.00%	13.92%	13.91%	13.68%
Contributions per volunteer fireman	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60

Notes to the Schedule:

* Only the current year and seven previous years are presented because 10-year data is not yet available.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB, but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules - General Fund

**CITY OF PRYOR CREEK, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Beginning budgetary fund balance	<u>\$ 3,301,033</u>	<u>\$ 3,301,033</u>	<u>\$ 3,344,375</u>	<u>\$ 43,342</u>
Resources (inflows)				
Taxes				
Cable TV franchise	43,740	43,740	--	(43,740)
Telephone franchise	4,429	4,429	4,498	69
Sales tax	4,094,441	4,094,441	4,828,384	733,943
Utility gross receipts tax	6,961	6,961	9,903	2,942
Cigarette tax	83,356	83,356	82,582	(774)
Use tax	<u>883,803</u>	<u>883,803</u>	<u>1,161,100</u>	<u>277,297</u>
Total taxes	<u>5,116,730</u>	<u>5,116,730</u>	<u>6,086,467</u>	<u>969,737</u>
Intergovernmental				
Alcoholic beverage tax	120,854	120,854	133,945	13,091
Grants and donations	<u>238,802</u>	<u>238,802</u>	<u>16,749</u>	<u>(222,053)</u>
Total intergovernmental	<u>359,656</u>	<u>359,656</u>	<u>150,694</u>	<u>(208,962)</u>
Charges for services				
Burial plots, etc.	34,101	34,101	55,543	21,442
Library	<u>786</u>	<u>786</u>	<u>570</u>	<u>(216)</u>
Total charges for services	<u>34,887</u>	<u>34,887</u>	<u>56,113</u>	<u>21,226</u>
Fines and forfeitures				
Police fines	<u>134,517</u>	<u>134,517</u>	<u>117,078</u>	<u>(17,439)</u>
Licenses and permits				
Various licenses	<u>107,086</u>	<u>107,086</u>	<u>123,994</u>	<u>16,908</u>
Investment income	<u>6,777</u>	<u>6,777</u>	<u>12,144</u>	<u>5,367</u>
Miscellaneous				
Reimbursements	36,017	36,017	256,847	220,830
Rentals	24,853	24,853	28,287	3,434
Sale of assets	--	--	3,500	3,500
Miscellaneous	<u>35,648</u>	<u>35,648</u>	<u>31,289</u>	<u>(4,359)</u>
Total miscellaneous	<u>96,518</u>	<u>96,518</u>	<u>319,923</u>	<u>223,405</u>

**CITY OF PRYOR CREEK, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Other financing sources				
Operating net transfers	<u>777,200</u>	<u>777,200</u>	<u>711,534</u>	<u>(65,666)</u>
Amounts available for appropriation	<u>9,934,404</u>	<u>9,934,404</u>	<u>10,922,322</u>	<u>987,918</u>
General Government				
General government	1,982,706	1,982,706	524,930	1,457,776
City Clerk	328,247	328,247	288,406	39,841
City Treasurer	25,339	25,339	24,096	1,243
Planning and Zoning	8,000	8,000	330	7,670
Building Inspector	190,774	190,774	126,062	64,712
Mayor and Council	<u>230,060</u>	<u>230,060</u>	<u>207,842</u>	<u>22,218</u>
Total General Government	<u>2,765,126</u>	<u>2,765,126</u>	<u>1,171,666</u>	<u>1,593,460</u>
Public Safety				
City Attorney	74,339	74,339	71,292	3,047
Municipal Court	154,393	154,393	144,254	10,139
Police	3,627,807	3,627,807	3,499,247	128,560
Animal Control	272,899	272,899	239,322	33,577
Civil Defense	29,122	29,122	22,253	6,869
Fire	<u>1,751,337</u>	<u>1,751,337</u>	<u>1,620,461</u>	<u>130,876</u>
Total Public Safety	<u>5,909,897</u>	<u>5,909,897</u>	<u>5,596,829</u>	<u>313,068</u>
Cultural Park and Recreation				
Park	487,691	487,691	390,259	97,432
Library	519,534	519,534	461,467	58,067
Cemetery	<u>252,156</u>	<u>252,156</u>	<u>235,959</u>	<u>16,197</u>
Total Cultural Park and Recreation	<u>1,259,381</u>	<u>1,259,381</u>	<u>1,087,685</u>	<u>171,696</u>
Total Charges to Operations	<u>9,934,404</u>	<u>9,934,404</u>	<u>7,856,180</u>	<u>2,078,224</u>
Ending Budgetary Fund Balances	<u>\$ --</u>	<u>\$ --</u>	3,066,142	<u>\$3,066,142</u>
Adjustments to reconcile to balance sheet				
Various receivables			1,006,661	
Accrued compensated absences			<u>(39,985)</u>	
Fund Balance			<u>\$ 4,032,818</u>	

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

Combining Statements - Nonmajor governmental funds

CITY OF PRYOR CREEK, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

SPECIAL REVENUE FUNDS												
	E-911 Cash Fund	County-Wide Fire Dept. Funds	Flexible Spending	Cemetery Care Interest Fund	Cemetery Care Fund	Covid Relief Fund	Seizures Fund	Library Cash Fund	Donations & Earmarked Monies Fund	Public Works Authority	Hotel & Motel Tax Fund	Fee In-Lieu Fund
ASSETS												
Cash	\$ 19,970	\$ 360,582	\$ 7,039	\$ 14,756	\$ 50,291	\$929,448	\$ 176	\$ 72,742	\$ 275,230	\$ 61,928	\$124,249	\$35,321
Taxes receivable	1,809	18,548	-	-	-	-	-	-	-	-	13,154	-
Other Receivables												
Due from other funds	-	-	-	-	-	-	-	-	-	3,355	-	-
Total assets	<u>21,779</u>	<u>379,130</u>	<u>7,039</u>	<u>14,756</u>	<u>50,291</u>	<u>929,448</u>	<u>176</u>	<u>72,742</u>	<u>275,230</u>	<u>65,283</u>	<u>137,403</u>	<u>35,321</u>
LIABILITIES												
Accounts payable	70	-	-	-	-	-	-	-	1,034	2,400	-	-
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>70</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>-</u>	<u>-</u>	<u>--</u>	<u>-</u>	<u>1,034</u>	<u>2,400</u>	<u>--</u>	<u>-</u>
FUND BALANCES												
Restricted	21,709	379,130	7,039	14,756	50,291	35,994	-	72,742	274,196	62,883	-	-
Assigned	-	-	-	-	-	893,454	176	-	-	-	137,403	35,321
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>21,709</u>	<u>379,130</u>	<u>7,039</u>	<u>14,756</u>	<u>50,291</u>	<u>929,448</u>	<u>176</u>	<u>72,742</u>	<u>274,196</u>	<u>62,883</u>	<u>137,403</u>	<u>35,321</u>
Total liabilities and fund balances	<u>\$ 21,779</u>	<u>\$ 379,130</u>	<u>\$ 7,039</u>	<u>\$ 14,756</u>	<u>\$ 50,291</u>	<u>\$929,448</u>	<u>\$ 176</u>	<u>\$ 72,742</u>	<u>\$ 275,230</u>	<u>\$ 65,283</u>	<u>\$137,403</u>	<u>\$35,321</u>

CAPITAL PROJECTS									
Main Street Fund	Economic Trust Development Authority	Police Cash Fund	Special Revenue Funds Total	Capital Outlay Fund	Capital Outlay Reserve Fund	Real Property Acquisition Fund	Library Building Fund	Capital Projects Funds Total	Total Non-major Governmental Funds
\$ 271,637	\$ 34,060	\$ 23,510	\$ 2,280,941	\$ 456,726	\$ 560,549	\$ 192,049	\$ 17,593	\$ 1,226,917	\$ 3,507,858
21,176	-	-	54,686	95,292	-	-	-	95,292	149,978
						60,000		60,000	60,000
-	50,000	-	53,355	-	-	-	-	-	53,355
<u>292,813</u>	<u>84,060</u>	<u>23,510</u>	<u>2,388,982</u>	<u>552,017</u>	<u>560,549</u>	<u>252,049</u>	<u>17,593</u>	<u>1,382,209</u>	<u>3,771,190</u>
-	-	-	3,504	1,440	-	7,215	-	8,655	12,159
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	3,504	1,440	-	7,215	-	8,655	12,159
292,813	84,060	-	1,295,614	550,577	-	-	17,593	568,170	1,863,784
-	-	23,510	1,089,864	-	560,549	244,834	-	805,383	1,895,247
-	-	-	-	-	-	-	-	-	-
<u>292,813</u>	<u>84,060</u>	<u>23,510</u>	<u>2,385,477</u>	<u>550,577</u>	<u>560,549</u>	<u>244,834</u>	<u>17,593</u>	<u>1,373,554</u>	<u>3,759,031</u>
<u>\$ 292,813</u>	<u>\$ 84,060</u>	<u>\$ 23,510</u>	<u>\$ 2,388,982</u>	<u>\$ 552,017</u>	<u>\$ 560,549</u>	<u>\$ 252,049</u>	<u>\$ 17,593</u>	<u>\$ 1,382,209</u>	<u>\$ 3,771,190</u>

CITY OF PRYOR CREEK, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	SPECIAL REVENUE FUNDS											
	E-911 Cash Fund	County- Wide Fire Dept. Funds	Flexible Spending Fund	Cemetery Care Interest Fund	Cemetery Care Fund	Covid Relief Fund	Seizures Fund	Library Cash Fund	Donations/ Earmarked Monies Fund	Public Works Authority	Hotel & Motel Tax Fund	Fee-In Lieu Fund
REVENUES												
Sales tax	\$ -	\$ 106,456	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	12,205	-	-	-	-	-	-	-	-	-	98,882	-
Grants/contributions	-	-	-	-	-	819,046	-	13,341	97,616	-	-	42,969
Asset Sales/Ins Reimb	-	-	-	-	-	-	-	-	-	-	-	-
Interest	4	-	-	129	-	889	0	97	251	57	34	23
Franchise taxes	-	-	-	-	-	-	-	-	-	39,400	-	-
Fees and service	-	-	-	-	18,258	-	-	191	-	-	-	-
Police Fines	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	12,209	106,456	-	129	18,258	819,935	0	13,629	97,867	39,457	98,916	42,992
EXPENDITURES												
Current												
Library	-	-	-	-	-	-	-	14,581	-	-	-	-
Park	-	-	-	-	-	-	-	-	-	-	-	-
Police	8,738	-	-	-	-	-	-	-	68,764	-	-	-
Tourism	-	-	-	-	-	-	-	-	-	-	85,498	-
General Gov't	-	-	14,461	-	-	437,170	-	-	-	38,285	-	52
Fire	-	52,398	-	-	-	-	-	-	9,398	-	-	-
Cemetery	-	-	-	-	59,214	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	33,383	-	-	-	-	-	-
Note payments	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	8,738	52,398	14,461	-	59,214	470,553	-	14,581	78,162	38,285	85,498	52
Excess (deficiency) of revenues over expenditures	3,471	54,058	(14,461)	129	(40,957)	349,382	0	(952)	19,705	1,172	13,417	42,940
OTHER FINANCING SOURCES/USES												
Transfers in	8,667	-	21,500	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(2,701)	-	-	-
Total other financing sources and uses	8,667	-	21,500	-	-	-	-	-	(2,701)	-	-	-
Net change in Fund balance	12,138	54,058	7,039	129	(40,957)	349,382	0	(952)	17,004	1,172	13,417	42,940
Fund balance, Beginning	9,571	325,071	-	14,627	91,248	580,066	176	73,695	257,192	61,711	123,986	(7,620)
Fund balance, Ending	\$ 21,709	\$ 379,129	\$ 7,039	\$ 14,756	\$ 50,292	\$ 929,448	\$ 176	\$ 72,743	\$ 274,196	\$ 62,883	\$ 137,403	\$ 35,320

CAPITAL PROJECTS									
Main Street Fund	Economic Trust Development Authority	Police Cash Fund	Special Revenue Funds Total	Capital Outlay Fund	Capital Outlay Reserve Fund	Real Property Acquisition Fund	Library Building Fund	Capital Projects Funds Total	Total Non-major Governmental Funds
\$ 129,003	\$ -	\$ -	\$ 235,459	\$ 580,511		\$ -	\$ -	\$ 580,511	\$ 815,970
-	-	-	111,087	-		-	-	-	111,087
-	-	-	972,972	15,000		-	-	15,000	987,972
-	-	-	-	-		-	-	-	-
219	10	32	1,745	386	520	277	19	1,202	2,947
-	-	-	39,400	-		-	-	-	39,400
-	-	-	18,448	-	10,340	1,900	-	12,240	30,688
-	-	5,265	5,265	-		-	-	-	5,265
-	-	-	-	-	-	-	-	-	-
129,221	10	5,297	1,384,376	595,897	10,860	2,177	19	608,952	1,993,328
-	-	-	14,581		-	-	-	-	14,581
-	-	-	-		-	-	-	-	-
-	-	11,668	89,170	-	-	-	-	-	89,170
-	-	-	85,498		-	-	-	-	85,498
-	-	-	489,967	33,659	-	33,486	-	67,145	557,112
-	-	-	61,796		-	-	-	-	61,796
-	-	-	59,214		-	-	-	-	59,214
37,525	-	-	70,908	301,795	-	2,660	-	304,455	375,363
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
37,525	-	11,668	871,135	335,454	-	36,146	-	371,600	1,242,735
-	-	-	-	-	-	-	-	-	-
91,696	10	(6,371)	513,241	260,443	10,860	(33,969)	19	237,352	750,593
-	50,000	-	80,167	-	150,000	-	-	150,000	230,167
-	-	-	(2,701)	(151,616)	-	(4,465)	-	(156,081)	(158,781)
-	50,000	-	77,467	(151,616)	150,000	(4,465)	-	(6,081)	71,386
91,696	50,010	(6,371)	590,708	108,828	160,860	(38,434)	19	231,272	821,979
201,117	34,050	29,881	1,794,771	441,748	399,690	283,268	17,575	1,142,281	2,937,052
\$ 292,813	\$ 84,060	\$ 23,510	\$ 2,385,479	\$ 550,576	\$ 560,550	\$ 244,834	\$ 17,594	\$ 1,373,553	\$ 3,759,031



Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees
City of Pryor Creek, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Pryor Creek, Oklahoma, as of and for the year ended June 30, 2022, which collectively comprise the City of Pryor Creek, Oklahoma's basic financial statements and have issued our report thereon dated April 26, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Pryor Creek, Oklahoma internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Pryor Creek, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Pryor Creek, Oklahoma's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies in the internal control that is less severe than a material weakness, yet important enough to merit attention by those charged by governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

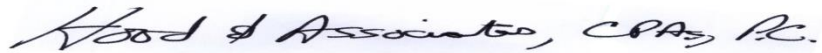
As part of obtaining reasonable assurance about whether the City of Pryor Creek, Oklahoma financial statements are free of material misstatement, we performed tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

HOOD & ASSOCIATES CPAs, P.C.

5350 E 46th, Suite 130, Tulsa, OK 74135 918-747-7000 Fax 918-743-7525 www.hoodcpas.com
1821 SE Washington Blvd., Bartlesville, OK 74006 918-336-7600 Fax 918-333-7600
323 W 1st St., Claremore, OK 74017 918-341-1930 Fax 918-342-3183
2310 N Hwy 66, Suite A, Catoosa, OK 74015 918-739-4662 Fax 918-739-4664

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Hood & Associates, CPAs, PC." The signature is written in a cursive, flowing style.

Hood & Associates CPAs, PC

April 26, 2023

**CITY OF PRYOR CREEK, OKLAHOMA
SCHEDULE OF FINDINGS AND RESULTS – PRIOR YEAR
FOR THE YEAR ENDED JUNE 30, 2021**

There were no significant audit findings noted during the audit performed for the fiscal year ended June 30, 2021.

**CITY OF PRYOR CREEK, OKLAHOMA
SCHEDULE OF FINDINGS AND RESULTS – CURRENT YEAR
FOR THE YEAR ENDED JUNE 30, 2022**

There were no significant audit findings noted during the audit performed for the fiscal year ended June 30, 2022.